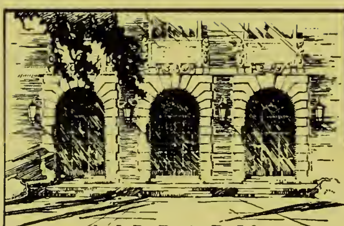

72D ANNUAL REPORT

OF THE

INTERSTATE COMMERCE COMMISSION

FISCAL YEAR ENDED JUNE 30, 1958

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REPORT OF THE

INTERSTATE COMMERCE COMMISSION

WASHINGTON, D. C., *December 1, 1958.*

To the Senate and House of Representatives:

The Interstate Commerce Commission submits herewith its 72d annual report to the Congress. The period covered by this report extends from July 1, 1957, to June 30, 1958, except as otherwise noted.

A statement of appropriations and aggregate expenditures for the fiscal year ended June 30, 1958, is contained in appendix D to this report.

INTRODUCTION

In the current report, the Commission is adhering to the reporting period adopted in the 71st annual report, except as to references to legislative actions taken during the last session of the Congress, adjourned August 24, 1958, legislative recommendations for considerations by the next Congress, and certain statistical data. Wherever practicable, the material in the report deals with the Government fiscal year ended June 30, 1958. Certain statistics, however, can be compiled more efficiently or readily on a calendar year basis. The latter period is used, therefore, to facilitate comparisons with related information compiled for past calendar years. In addition, it will be necessary to continue the use of such data for a time as a means of developing trends, because the related information for past periods is available on that basis only.

The report again includes a summary statement of the highlights of the year's activity in transportation and various factors affecting it. More detailed information on various phases of this activity is provided in the subject chapters which follow. The report concludes with a recapitulation of legislative activity in the transportation field during the 2d session of the 85th Congress and specific recommendations for new legislation.

HIGHLIGHTS IN TRANSPORTATION DURING THE YEAR

The economic recession of late 1957 and early 1958 sharply curtailed the growth and in some respects reversed the trend for transpor-

tation which had continued generally, although with occasional interruptions, for more than a decade. Its principal overall effect on the carriers subject to this Commission's jurisdiction was a reduction of nearly 1 billion dollars in revenues for the year ended June 30, 1958, below the total of the previous year.

The position of the railroads in particular was critical. Their passenger service had been operating at a loss since 1946 and continued to be a source of financial difficulties. Their freight traffic in terms of ton-miles had increased only slightly in comparison with the rapid general growth of the economy and particularly the relative volume of the traffic of other modes of transportation. Other regulated carriers, as well as the railroads, continued to feel the effects of a growing diversion of traffic to private or exempt for-hire carriers.

In prior annual reports to the Congress, this Commission has discussed the problem of the erosion of the traffic of regulated for-hire carriers, the backbone of our transportation system. Mention was made of the transportation tax inequity, the growth of pseudo-private carriage, and the further broadening of the agricultural commodity exemption through court interpretations. Legislative recommendations have been submitted by this Commission in connection with these and other problems as part of a program intended, both for the short and the long runs, to help develop and maintain a sound, financially strong system of public transportation. Such a system is needed for, and is an essential and integral part of, the country's continued economic well being and development, as well as for the national defense and the postal system. Anything less than an adequate system of public carriers would seriously retard the economy and endanger the Nation's security.

The recession served to give a strong, new emphasis to these and other problems facing the carriers, and provided the climate in which the Congress considered and acted upon remedial legislative proposals.

Extended public hearings, before the Senate and House Committees on Interstate and Foreign Commerce, developed a mass of testimony related to the plight of public transportation. This Commission, along with carriers, shippers, and other Government agency representatives, contributed to the testimony presented.

It became clear that if public transportation was to be protected from further inroads by unregulated carriers, legislative action was imperative. The most extensive single revision of transportation law since 1940 resulted, in the form of enactment of the Transportation Act of 1958 and repeal of the excise taxes on transportation of freight.

Private and exempt motor carriers are not required to file statistical reports with this Commission, and detailed data for purposes of comparison with trends for other modes of transportation therefore are

not readily available. Data that are available, however, show that private and exempt for-hire motor carriers performed approximately two-thirds of the total intercity ton-miles by highway in 1956.

The railroads, on the other hand, reached a peak in 1943 when their ton-miles totaled 734,829 million, or 71.26 percent of the total intercity ton-miles of all carriers. But by 1956, in spite of the great industrial growth of this country, the railroads' ton-miles had declined to 655,891 million, or 48.22 percent of the total. In 1957, the rail figures were 626,222 million ton-miles for only 46.26 percent of the total.

Motor carriers of property, however, continued to increase their share of total ton-miles, climbing from only 9.7 percent in 1939 to 19.1 percent in 1957. Inland waterways, which had dropped off slightly from their prewar share of 17.7 percent of the total ton-miles in 1939, also had increased their share over the postwar percentages. Their portion went up from 15.2 percent in 1949 to 17.4 percent in 1957. Oil pipelines also showed an increase in their portion from 10.2 percent in 1939 to 17.2 percent in 1957.

The same general trend held true for carrier revenues from transportation subject to regulation by this Commission, with motor carriers of property showing the greatest gain. The pattern is illustrated clearly in the chart at page 17, which provides an index of the operating revenues of carriers subject to this Commission's jurisdiction. Based on 1947 as representing 100, the chart shows that revenues of motor carriers of property, oil pipelines, and water carriers climbed at a much faster pace from 1947 to 1957 than did the national income, whereas revenues of the railroads and buslines lagged far behind the increase in national income. The Pullman Company, the Railway Express Agency, Inc., and electric railways even dropped below the 1947 base of 100.

Revenues of motor carriers of property rose to an index figure of 278.5 in 1957, oil pipelines' revenues to 224.4, and those of water lines to 200, while the national income index figure went up to 183.6. Railroad revenues, however, increased only to an index figure of 121.7 and those of motor carriers of passengers only to 112.1. The other index figures, all below the 1947 base of 100, were: railway express, 79.4; Pullman Company, 74.2; and electric railways, 56.9.

With respect to passenger traffic, the position of the railroads declined further in the calendar year 1957. Private automobiles accounted for 88.7 percent of intercity passenger miles in 1957, leaving only 11.3 percent to be divided among the railroads, buslines, and the air and water carriers. The railroads had 3.6 percent of the total, buslines, 3.5 percent; water carriers, 0.3 percent; and the airlines, 3.9 percent.

During the war years of 1942 through 1945, the railroads' passenger service was profitable, but in 1946 they showed a deficit on this serv-

ice of $139,736,000. They have had a passenger deficit in every year since then, increasing to the 1957 deficit of $723,483,000.

The benefits that may be expected to come from the 1958 amendments probably will not be fully apparent for many months. Some transportation observers consider the legislation to be an excellent start toward solving some of the problems besetting the railroads and other public carriers, but contend that more must be done. The subcommittee on Surface Transportation of the Senate Interstate and Foreign Commerce Committee, laid the groundwork for future action by obtaining Senate authorization to make an extensive study of a variety of questions long troublesome in the field of transportation. The questions include the deficit operation of railroad passenger trains, now the subject of a special study by this Commission, and the extent and effect of public aids to transportation.

There are limits, however, to what the Government can and should do to aid transportation. We expressed the view in testimony before the Senate subcommittee that remedial legislation was of the utmost importance and that certain of the curative measures proposed would benefit not only the railroads but all regulated carriers, shippers, and the general public as well.

In this report, we are recommending some further amendments to the acts administered by this Commission, but they call for no extensive changes. Instead, it is our belief that much can be done by carrier management, particularly with respect to coordination of service. The chapter, Service, Facilities, and Operating Efficiency contains a discussion of the most recent advances in equipment, in the so-called piggyback and fishyback services, and in other aspects of the carriers' operations. Some of these advances have been proven in actual operations to be workable methods of reducing costs or improving service, or both.

In recent annual reports, we have called attention to the opportunities of railroad management to reduce excessive plant, eliminate duplicative facilities, and otherwise eliminate waste, so as to realize more net profit on the same gross revenues. Little progress has been made, considering the railroad industry as a whole, although some roads have initiated programs under which they propose to eliminate paralleling trackage and other duplicate facilities by means of their joint usage with other roads.

The overall losses on passenger-train operations place a burden on the revenues from rail-freight service. In addition, and, in general, railroad handling of less-than-carload traffic and the operations of the rail-owned Railway Express Agency, Inc., are not profitable.

The need to improve service and achieve greater economies is not confined to any one form of transportation, but the traffic, earnings and other data in this report show that railroads generally have the most pressing need for such improvement.

The 1958 amendments are expected to increase the Commission's workload substantially, but the precise extent of the increase has yet to be determined. There will be new applications for motor carrier operating authority under the amendment which narrows somewhat the exemption of carriers under section 203 (b), and each carrier granted new operating authority would be required to file its tariffs and comply with insurance, reporting, and other requirements.

Additional activity also was expected from the provisions related to guaranteed loans to railroads, augmented jurisdiction over intrastate rates, discontinuance or change in certain passenger-train operations or services, and operations of pseudo-private motor carriers.

Overall, the Commission estimated the increased work from the 1958 amendments alone would require a supplemental expenditure of $500,000 in fiscal year 1959. The Congress approved a supplemental appropriation of $300,000. The adequacy of this amount will be determined in the light of actual experience, and every effort will be made to expedite processing of the new work.

Even without the new amendments, there have been continuing increases in various aspects of the Commission's work, as shown in more detail later herein.

Alaskan Statehood.—The admission of Alaska to the Union unquestionably will pose some regulatory problems for this Commission, and some additional work. Preliminary planning for this task began before the end of the fiscal year.

Alaska has three railroads, the largest of which is owned by the U. S. Government and operated under the direction of the Department of the Interior. The other two are independently owned and operated but are relatively small. One is a private carrier.

Alaska's population of some 250,000 (including military personnel) is served also by approximately 50 motor carriers operating within the territory but engaged to an undertermined extent in interstate and foreign commerce. Several of them, along with the Government railroad, transport goods to and from shipside at the Alaskan ports as part of a through movement connecting by means of coastwise or ocean vessels with domestic United States ports. In addition, there are some presently certificated motor carriers operating between points in the States and Alaska through Canada, but their number is small.

Safety.—The continuing efforts by this Commission and by the carriers themselves to promote greater safety in their operations

showed tangible results in the calendar year 1957 as compared with 1956.

There were 68 fewer fatalities in accidents involving train operation. In 1957, 2,365 persons were killed and 14,841 injured in such accidents, compared with 2,403 killed and 18,771 injured in 1956. Accidents at rail-highway grade crossings accounted for more than half of these fatalities in both years. Although the number of accidents decreased slightly in 1957 below 1956, the number of fatalities and of injuries increased. In 1957, there were 3,569 such accidents, in which 1,371 were killed and 3,767 injured, compared with 3,639 such accidents in 1956, with 1,338 killed and 3,755 injured.

It is obvious that accidents at rail-highway grade crossings still constitute one of the most serious problems in the field of accident prevention, as they have for many years. The principal remedy is the removal of the hazard by construction of underpasses or overpasses, but compelling such construction is not within the scope of this Commission's jurisdiction.

For the first time in several years, the railroads' record of transporting dangerous articles in tank cars without serious accident was marred by the explosion of 6 cars of liquefied petroleum gas, 2 containing gasoline, and 1 of cyclohexane, all of which were involved in derailments and fire, and the spontaneous explosion of 2 tank cars of nitromethane. The latter two explosions were several months and many miles apart, and involved a product not subject to the Commission's regulations governing transportation of explosives and other dangerous articles. Extensive laboratory tests failed to indicate the product to be explosive. Tank-car shipments of the product have been embargoed by the carriers, and the investigation is continuing.

For motor carriers of property there was a relatively slight increase in fatalities in 1957 over 1956, but the total was well below the peak of 1951 and the totals in several other previous years in spite of substantial increases in the number of intercity vehicle-miles and the total number of vehicles of all types on the highways.

The chart at page 98 provides an index of mileage and fatalities and shows an increase in the intercity vehicle-miles of class I motor carriers of property from a 1946 base of 100 to an index figure of 308.4 in 1957. Vehicle-miles in rural areas for all motor vehicles increased to an index figure of 206 in 1956, latest year for which data are available. The fatalities of class I, class II, and class III motor carriers of property, however, reached an index figure of only *153.2* in 1957. The total number of motor vehicles also increased to 67.1 million in 1957, compared with 65.2 million in 1956, and only 34.4 million in 1946, base year for the chart. Fatalities in 1957 for class I, class II, and class III motor carriers of passengers declined to an index figure

of only 39.2, whereas the intercity vehicle miles of the class I motor carriers of passengers declined to an index figure of 79.3.

TRAFFIC AND EARNINGS

General Trends

Insofar as carriers subject to this Commission's jurisdiction are concerned, only the motor carriers fared better in the calendar year 1957 than in 1956.

While 1956 was a year of marked growth in the national economy, regulated carriers generally were well on their way to an even better year in 1957 until the economic recession began late in the year. Even so, motor carriers of property, motor carriers of passengers, and the airlines had higher revenues than in 1956. All other forms of public transportation had less revenue than in the previous year.

The railroads not only had lower revenues but had fewer revenue ton-miles and passenger-miles than in 1956. By contrast, inland water, pipeline, air, and probably motor carriers, established new records for intercity ton-miles. Private automobiles, inland waterway carriers, and the airlines set new passenger-mile records.

But as the recession extended into 1958, revenues of almost all of the principal modes of transport subject to this Commission's jurisdiction declined. For the year ended June 30, 1958, their revenues were approximately 1 billion dollars below the total for the previous fiscal year. For the first half of 1958, the railroads' net income was 64.1 percent below their net for the same period of 1957.

The downward trend in the railroads' share of total intercity ton-miles continued, dropping to a new low of 46.31 percent, while motor carriers of property, inland water carriers, pipelines, and airlines each showed improvement in this respect.

The relative importance to the economy of each of the several modes of transport cannot be precisely determined, as uniform and complete traffic statistics are not available for all transport agencies. Nor can speed, certainty of delivery, reliability, safety in transit, flexibility, and other service factors be measured in terms of ton-miles and passenger-miles handled. For example, air transportation of freight, which accounts for a minute fraction of ton-miles in intercity service, has such higher rates and special service aspects as to give it an importance in the economy greater than indicated by the ton-miles carried. Also, the specialized services offered by some carriers unquestionably have developed new sources of traffic, although to an undetermined extent.

Detailed information on carrier earnings and traffic volume follow, together with discussions of related subjects, including the handling of small shipments and taxes affecting transportation.

Operating Revenues

Eight groups of public carriers within the jurisdiction of the Commission had combined operating revenues of $18,364 million for the 12 months ended June 30, 1958, a decrease of 3.20 percent under the revenues for the calendar year 1956, as shown in the accompanying table.

Of these groups, only the motor carriers of passengers and motor carriers of property showed increases in the year ended June 30, 1958, over the calendar year 1956, and all carrier groups, except Railway Express and motor carriers of passengers, showed declines when compared with the calendar year 1957. The increases in the 12 months ended June 30, 1958, over the calendar year 1956 were 6.33 percent for motor carriers of passengers and 4.35 percent for motor carriers of property. The respective decreases were largest percentagewise for the electric railways, 26.27 percent, which were heavily affected by shifts of carriers from that group to the railroads, and for the Pullman Company, 20.94 percent. The other four groups suffered smaller declines, with 11.97 percent for water lines, 1.72 percent for Railway Express, 7.05 percent for railroads (where the dollar amount of decrease was greatest), and 3.90 percent for pipelines (oil). Despite these decreases, the revenues of the 8 groups still were more than $250 million higher in the 12 months ended June 30, 1958, than they were in the calendar year 1955. Further, the revenues of the motor carriers of property in 1957 reached the highest point in the period for which estimates have been available.

Operating revenues [1]

Class of carrier	Year ended December 31, 1956	Year ended December 31, 1957		12 months ended June 30, 1958	
		Amount	Percentage change from calendar year 1956	Amount	Percentage change from calendar year 1956
	Thousands	*Thousands*		*Thousands*	
Railroads [2]	$10,963,278	$10,919,930	−0.40	$10,190,473	−7.05
Railway Express [3]	257,274	248,482	−3.42	252,854	−1.72
Pullman Company	95,591	85,324	−10.74	75,578	−20.94
Electric railways [4]	48,656	45,267	−6.97	35,873	−26.27
Water lines [5]	476,390	449,507	−5.64	419,373	−11.97
Pipelines (oil)	737,386	729,952	−1.01	708,637	−3.90
Motor carriers of passengers [6]	563,897	598,733	+6.18	599,593	+6.33
Motor carriers of property	5,828,877	6,165,910	+5.78	6,082,195	+4.35
Grand total	18,971,349	19,243,105	+1.43	18,364,576	−3.20

[1] Partly estimated. Some of the 1956 figures given in the 71st Annual Report have been revised.
[2] Includes switching and terminal companies.
[3] After deducting payments to others for express privileges.
[4] A shift of 2 carriers from the electric railway group to the railroad group in 1957 and 1 in the first 6 months of 1958 result in overstatement of the declines by an undetermined amount. The railroad group, of course, is increased by the change.
[5] Includes only revenues from domestic traffic of carriers subject to the jurisdiction of the Interstate Commerce Commission.
[6] Does not include motor-carrier revenues of electric railways, included under electric railways.

Private car lines and freight forwarders are not included in the table to avoid duplication from intercompany payments. The operating revenues of private car lines amounted to $362,979,899 for the year ended June 30, 1958, and those of freight forwarders were $428,698,977 for the same period after payments to carriers.

Traffic Trends, 1956–1957

The next table shows reported and estimated freight ton-miles and passenger-miles of the various types of intercity carriers, both public and private, for the calendar years 1956 and 1957, except for coastwise and intercoastal deep sea water traffic for which no data have been available since 1953.

Ton-miles of all carriers in 1957 were 1,352,131 million, a slight decline from the alltime record of 1,360,142 million in 1956. Figures for both years exclude coastwise and intercoastal water traffic and nonrevenue ton-miles of railroads. With the exception of the railroads, the levels for 1957 were above those for 1956. Waterway traffic in 1957 was well above the level of the previous year, and pipeline and highway traffic showed slight increases. The air ton-miles again showed a sizable percentage increase (6.7 percent), but remained less than half of a percent of the total.

While the railroad share of the total declined, the shares of other means of transport increased. The ton-miles by water, pipeline (oil), and air were the highest yet recorded. Revision of the preliminary highway figure may prove it to be a new record

Total intercity passenger-miles for all agencies of transportation established a new record in 1957 reaching 719 billion which is 2.9 percent above the previous high level established in 1956. Private automobiles, inland waterways, and airways all reached new peaks, with increases in passenger-miles of 3.2 percent, 3.8 percent, and 10.9 percent, respectively. Rail passenger-miles declined by 8.2 percent in 1957 under 1956, and motor carriers of passengers decreased 0.8 percent. The passenger-miles in air revenue services rose from 23,204 million in 1956 to 25,758 million in 1957, with both regular and air coach services showing increases.

The distribution of the total passenger-miles by transport agency again shows an increasing share for private automobiles and for airways, continuing a trend which has existed during the entire period for which comparable data are available.

Volume of intercity traffic, public and private, by kinds of transportation

Agency	Ton-miles [1]				Passenger-miles [1]			
	1956	1957	Percentage of grand total		1956	1957	Percentage of grand total	
			1956	1957			1956	1957
1. Railroads and electric railways, including express and mail	*Millions* 655,891	*Millions* 626,222	48.22	46.31	*Millions* 28,610	*Millions* 26,251	4.09	3.65
2. Motor vehicle: [2]								
Motor carriers of passengers					25,189	24,998	3.60	3.48
Private automobile					617,713	637,755	88.38	88.67
Motor transportation of property	253,751	260,856	18.66	19.29				
Total motor vehicle	253,751	260,856	18.66	19.29	642,902	662,753	91.98	92.15
3. Inland waterways, including Great Lakes	219,978	231,792	16.17	17.14	1,860	1,930	0.27	0.27
4. Pipelines (oil) [3]	229,959	232,660	16.91	17.21				
5. Airways (domestic revenue and pleasure and business flying, including express and mail)	563	601	0.041	0.044	25,523	28,302	3.65	3.93
Grand total	1,360,142	1,352,131	100.00	100.00	698,895	719,236	100.00	100.00

[1] Some revisions have been made in 1956 data presented in the 71st Annual Report, and some 1957 data are preliminary.
[2] School bus data are excluded.
[3] Includes refined products and crude oil, with an allowance for gathering lines.

Sources:

1. Reports to the Interstate Commerce Commission. Electric railway ton-miles and passenger-miles estimated on the basis of revenue. Does not include nonrevenue ton-miles which amounted to 21,083 million in 1956 and 18,524 million in 1957 for class I railroads.
2. Highway ton-miles estimated on the basis of Bureau of Public Roads data for main and local rural roads, mileages of routes in rural and urban areas, and on Department of Agriculture data on farm consumption. Passenger-miles in private automobiles estimated for this purpose on basis of data from Bureau of Public Roads on rural road and intercity travel and from average load data. Motor-carrier passenger-miles based upon Public Roads and Interstate Commerce Commission data. As processing of an unusual amount of 1957 data has not been completed by the Bureau of Public Roads, all 1957 highway figures are preliminary estimates and subject to change.
3. Ton-mile data from Office of the Chief of Engineers, U. S. Army. Does not include most coastwise and intercoastal ton-miles, estimated by U. S. Army engineer at 262.2 billion in 1953. Passenger-miles based on Interstate Commerce Commission and other data.
4. Interstate Commerce Commission, Bureau of Mines, and other data.
5. Based on Civil Aeronautics Board data, Civil Aeronautics Administration surveys, and other data.

Ton-Miles, 1939–57; Passenger-Miles, 1949–57; and Revenues, 1947–57

Distribution of intercity ton-miles for 1939 through 1957, passenger-miles for 1949 through 1957, and revenue from 1947 through 1957 are shown in the accompanying charts.

Ton-miles in 1939 reflected the relatively low level of economic activity of that year, but with the impetus of production for war preparedness and then of World War II, ton-miles moved rapidly upward to reach a peak in the last full year of warfare (1944) never before attained. Thereafter, with the end of hostilities in 1945, there was a smaller ton-mile output for a time, until the rapid increase in economic activity beginning in 1950 produced a series of new peaks

in 1951, 1953, 1955, and 1956, each, in turn, establishing a new record.

Rail ton-miles, throughout the period the largest single element and always more than double the number of ton-miles produced by the next largest carrier group, reached a peak in proportion of the total and in actual amount during World War II. Thereafter, while the number of ton-miles by rail fluctuated, the proportion of the total has shown a consistent and continuous decline from the peak of 71.26 percent in 1943, dropping below 60 percent in 1949 for the first time in the period covered, and below 50 percent in 1954. The share for 1957 was down to 46.31 percent.

The postwar period has been one of generally increasing activity for other means of freight transport. Motor vehicles, each year from 1946 through 1957, except 1954, marked a new high in ton-miles carried. Inland waterways showed wider fluctuations in traffic, but reached new successive highs in ton-miles in a number of postwar years, especially in 1951, 1953, and 1955–57. These ton-miles have been affected by the addition of data representing traffic for waterways in use but not covered in the ton-mile reports, but allowances for the greater coverage still leave these years as record periods. Pipelines (oil) have also shown increases since 1949, with each year since 1950 showing a new high in ton-miles transported. The airways, which had only 12 million ton-miles in 1939, have shown the greatest percentage increase in the period, with slightly more than a 50-percent increase in the last 3 years. Air ton-miles did not pass the 100 million mark until 1947, but passed 200 million in 1948, reached over a half billion in 1956, and in 1957 established a new record of over 600 million.

These figures, of course, do not cover the movements of natural gas (difficult to measure in ton-miles), the small movement of gilsonite by pipeline, or the movements by conveyor belt. If and as these modes of transport become important in the intercity field, it may be necessary to take them into account statistically.

Passenger-miles, in the period covered by the chart, have been dominated by the private automobile. In 1949, such passenger-miles were over 83 percent of the total, and for the last 3 years, 1955–57, have been over 88 percent. Passenger-miles by private automobile have increased by about two-thirds, during the indicated period of 1949–57, while passenger-miles by rail have declined by about 27 percent and by bus, by about 10 percent. In the same period, air passenger-miles increased substantially until in 1957 they were more than three times the 1949 figure. The other transport agency to show an increase in passenger-miles was the waterways. It amounted to 37 percent, rising from 1,402 million in 1949 to 1,930 million in 1957. While the waterway passenger-miles are relatively small, in some

areas they represent the usual means of travel. In 1956, the combined revenue and nonrevenue air travel exceeded for the first time the revenue bus passenger-miles, and in 1957 they also exceeded the rail passenger-miles.

Certain changes not shown in the charts have also occurred within the carrier groups of passenger-miles. For the railroads, commutation passenger-miles (sometimes intracity but not separable into intercity and intracity) have shown the least decline, about 11.9 percent from 1949 to 1957, compared to declines by rail coach of 21.7 and by parlor or sleeping car of 44.5 percent. Air coach (or tourist) operations began in 1948, and in 1949 amounted to only 249 million passenger-miles, but in 1957 they numbered 9,487 million. At the end of the same period, the passenger-miles on air regular flights had risen to approximately two and a half times the 1949 level. While no equally striking changes occurred in bus transportation, there was a great growth in special or charter services, restricted or forbidden during World War II, and revenues from this type of service rose from about $12 million for class I motor carriers of passengers in 1946 to $39 million in 1956 and well over $44 million in 1957. In the same 3 years these special or charter revenues amounted to 3.0, 12.3, and 13.3 percent of the revenues from intercity schedules of the same class I carriers.

Combined revenues of carriers subject to the jurisdiction of the Commission have shown a generally upward movement over the period 1947–57. The greatest total amount was received in the calendar year 1957, which was also the peak calendar year for motor carriers of property but for no other carrier group subject to our jurisdiction. The 1957 revenues of motor property carriers were $6,165.9 million. They were not only the greatest received by these carriers in the period covered by the chart but the greatest received by them in the period for which estimates are available (1939–57). These revenues have shown continuous year-by-year increases since 1939, except in 1954 when a decline occurred.

The largest portion of the revenues in each year has been received by the railroads. The peak of over $11 billion was in 1953. The 1957 railroad revenues were exceeded in 1952, 1953, and 1956. There have been fluctuations in the relative percentages of the grand total of the revenues enjoyed by the railroads, as well as in amounts, but the share has always been above half the total.

The trends among other carriers have varied. Generally, the pipelines (oil) have had increased revenues with each passing year except that those for 1949 were slightly under 1948, and those for 1957 and the 12 months ended June 30, 1958, were under the highest level achieved in 1956. Water carriers, which in the coastwise and inter-

coastal trades had been severely restricted during the war years, showed rather steady increases until the decline in 1957. Motor carriers of passengers, whose revenues have fluctuated considerably in the period, reached their alltime peak in 1953, but showed some increase in 1957 over the intervening years (1954–56).

The statistics for electric railways in recent years have been affected by the transfer of some of those carriers to the railroad group. The most recent, a transfer of one such carrier to the ranks of class I railroads, occurred as of January 1, 1958, and therefore affects only data previously shown for the 12 months ended June 30, 1958, but previous transfers as well as abandonments had decreased the revenues and number of carriers. Railway Express, undergoing a period of generally declining revenues, had shown considerably improved receipts in 1952 over 1951 and in 1956 over 1955, but labor-management difficulties in 1957 and other factors resulted in a decrease under 1956. The decline in railroad parlor- and sleeping-car traffic is reflected in the revenues of the Pullman Company.

Included in the index chart is a line representing national income. Comparison of these trend lines shows clearly that while the revenues of motor carriers of property, of pipelines, and of water carriers have more than kept pace with increases in national income, the other types of carriers have lagged behind.

These revenues are not completely comparable with the ton-mile or passenger-mile charts. The rail ton-miles and passenger-miles may be compared with a combination of Pullman, railroad, electric railway, and express revenues. The revenues of motor carriers of passengers do not include, however, the intrastate operators not subject to this Commission's jurisdiction, but they do include some local and suburban operations. Over 20 percent of pipeline ton-miles is produced by carriers not regulated by us. The highway ton-miles include those of for-hire carriers not subject to the jurisdiction of this Commission and ton-miles of private carriers which, combined, have increased from about half during the war year 1943 to about two-thirds of the total highway ton-miles in 1956. Ton-miles of water carriers subject to our jurisdiction constitute an indeterminate but relatively small part of the total.

Airline revenues are not included in the chart, as these carriers are regulated by the Civil Aeronautics Board and Civil Aeronautics Administration. Likewise, as far as possible, nondomestic revenues of water carriers (the foreign revenues of those carriers with operations subject to Federal Maritime Board jurisdiction) have been omitted.

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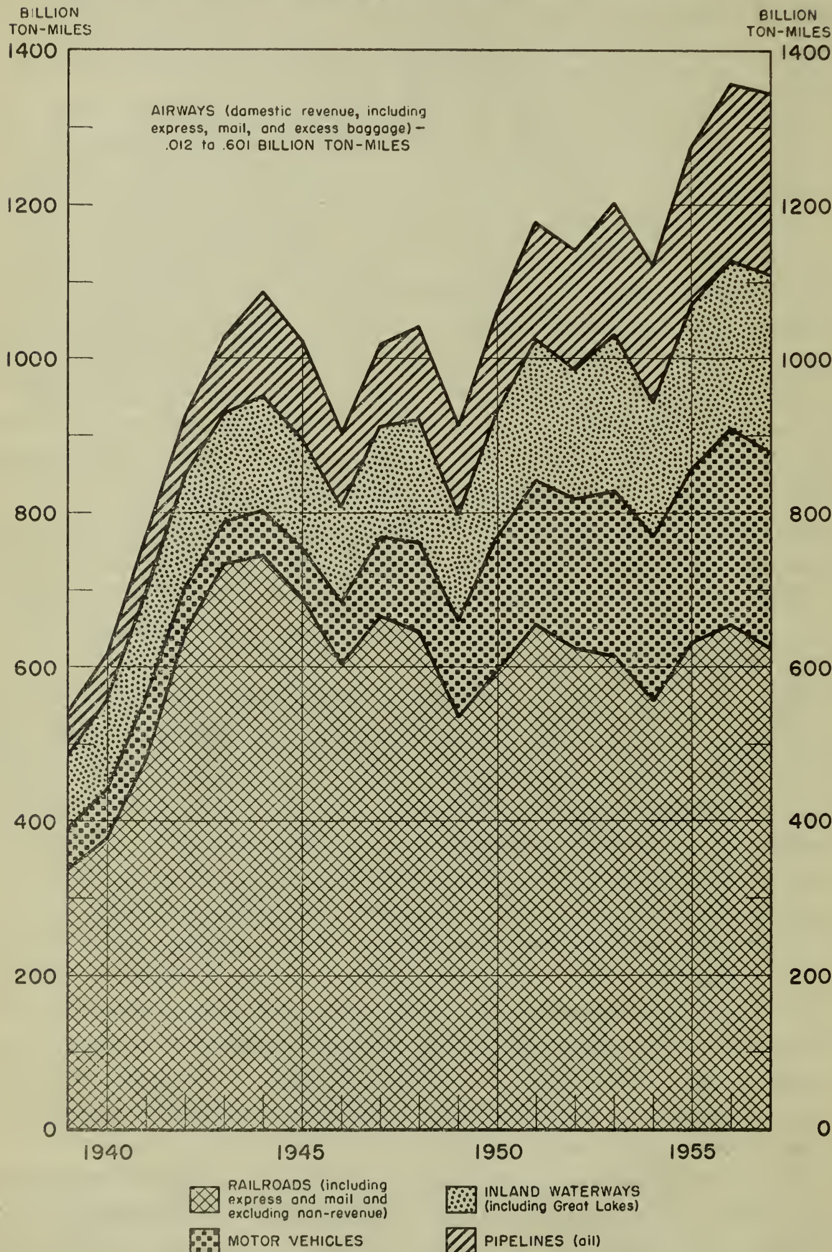
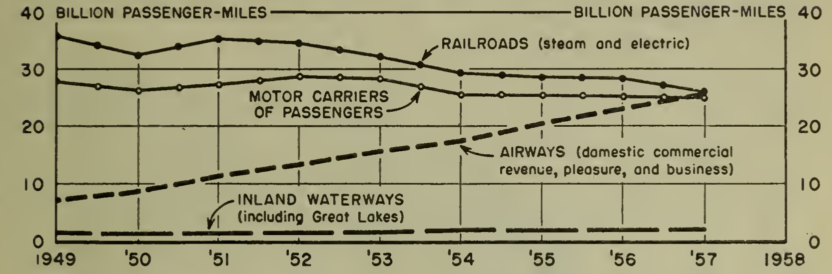
INTERCITY TON-MILES, PUBLIC AND PRIVATE, BY KINDS OF TRANSPORTATION, 1939-1957



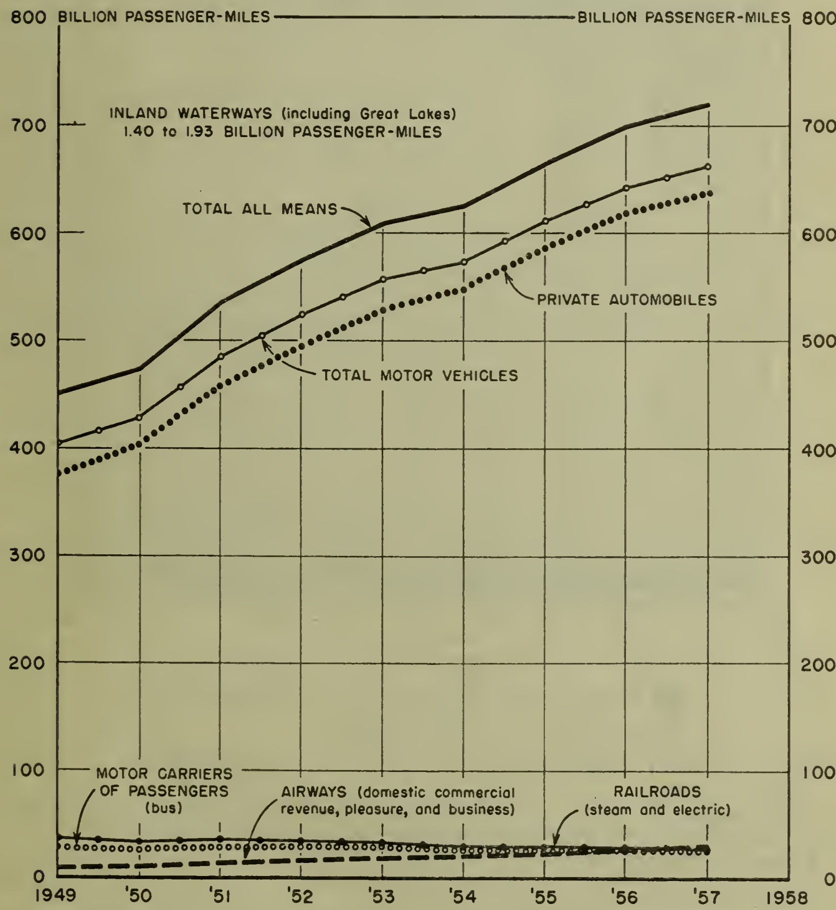
Source: 1939-1954, I.C.C., Bureau of Transport Economics and Statistics, Intercity Ton-Miles, 1939-1954, Statement No. 568; 1955, 70th Annual Report of the Interstate Commerce Commission; 1956, staff preliminary estimate

INTERCITY PASSENGER-MILES, 1949-1957

REVENUE INTERCITY PASSENGER-MILES

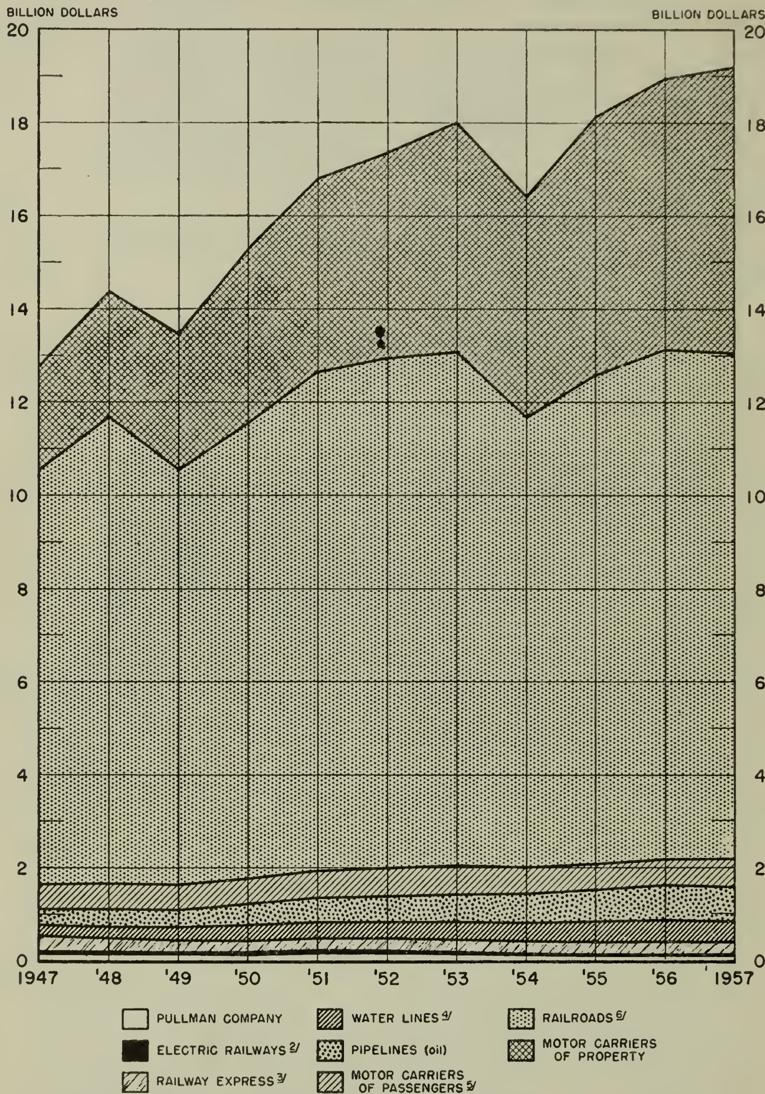


TOTAL INTERCITY PASSENGER-MILES



Source: 1949-1956, I.C.C., Bureau of Transport Economics and Statistics, Intercity Passenger Miles, 1949-1956, Statement No 580; 1957, staff estimates

OPERATING REVENUES,[1] BY TRANSPORT AGENCY 1947–1957



Footnotes for Chart, Operating Revenues, by Transport Agency, 1947–1957:

[1] Partly estimated.

[2] Shifts of carriers from the electric railway to the railroad group during the period have resulted in an overstatement of declines by an undetermined amount.

[3] After deducting payments to others for express privileges.

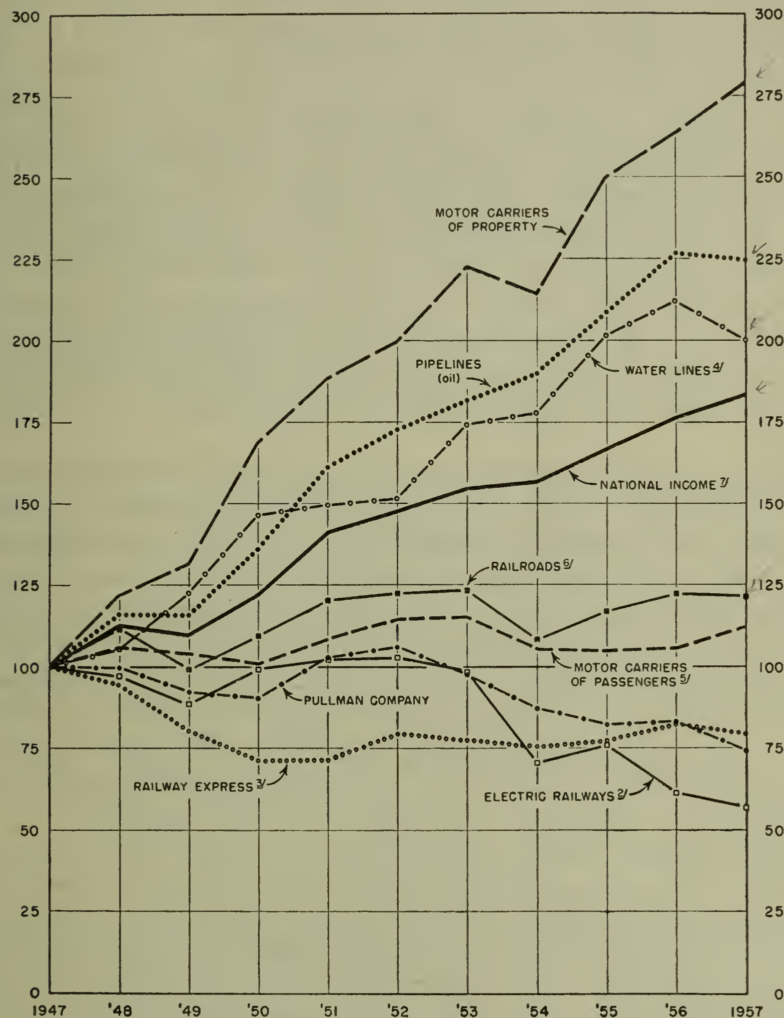
[4] Includes only revenues from domestic traffic of carriers subject to the jurisdiction of the Interstate Commerce Commission.

[5] Does not include motor carrier revenues of electric railways, included under electric railways.

[6] Includes switching and terminal companies.

Sources: 1947–56, Annual Reports of the Interstate Commerce Commission; revised motor carrier revenues, 1948–1956, I. C. C., Bureau of Transport Economics and Statistics, *Statistics of Class I, II, and III Motor Carriers, 1939–1956*, Statement No. 589; and 1957 staff estimates.

INDEXES OF OPERATING REVENUES,[1] BY TRANSPORT AGENCY 1947–1957



Footnotes for Chart, Index of Operating Revenues, by Transport Agency, 1947–1957:

[1] Partly estimated.

[2] Shifts of carriers from the electric railway to the railroad group during the period have resulted in an overstatement of declines by an undetermined amount.

[3] After deducting payments to others for express privileges.

[4] Includes only revenues from domestic traffic of carriers subject to the jurisdiction of the Interstate Commerce Commission.

[5] Does not include motor carrier revenues of electric railways, included under electric railways.

[6] Includes switching and terminal companies.

[7] Revised national income. Source: U. S. Department of Commerce, *Survey of Current Business*, July 1958.

Sources: 1947–56, Annual Reports of the Interstate Commerce Commission; revised motor carrier revenues, 1948–1956, I. C. C., Bureau of Transport Economics and Statistics, *Statistics of Class I, II, and III Motor Carriers, 1939–1956*, Statement No. 589; and 1957 staff estimates.

Class I Line-Haul Railroads

Operating revenues of class I line-haul railroads for the calendar year 1957 amounted to $10,491 million which is 0.5 percent less than the total for 1956 and 1.6 percent less than the alltime high of $10,664 million for 1953. In 1957 the combined operating expenses, taxes, and equipment and joint facility rents were 1.0 percent above those for 1956. Railway operating expenses alone increased 1.5 percent between 1956 and 1957, and the operating ratio rose from 76.8 percent to 78.4 percent. Total railway tax accruals (payroll, Federal income, and all other taxes) decreased from $1,121 million in 1956 to $1,068 million in 1957 or by 4.7 percent. Federal income taxes alone decreased 18.2 percent between the 2 years. Net railway operating income amounted to $922 million in 1957 as compared to $1,070 million in 1956, a decrease of 13.8 percent. The carriers' net income after all charges totaled $734 million which was 16.5 percent below the $879 million for the preceding year.

The first 6 months of 1958 (table A, appendix A) brought a further decline in rail revenues substantially below the corresponding period of 1957, as hereinafter indicated. Total operating revenues were off 13.5 percent, with declines of 14.1 percent in freight revenue, 11.8 percent in passenger revenue, and 11.4 percent in express revenue. Mail revenue increased 2.7 percent. Total operating expenses were down 9.5 percent with decreases in maintenance of way and structures expenses of 15.3 percent, maintenance of equipment expenses, 11.5 percent; and transportation expense, 7.7 percent. The operating ratio increased from 78.5 to 82.2 percent. Net railway operating income was down 48.3 percent, and net income was lower by 64.1 percent.

The following table of current assets and current liabilities shows that net working capital, both including and excluding materials and supplies, decreased each year below the preceding year. The working capital, including materials and supplies, was $1,081 million as of June 30, 1958, or 11.2 percent below the figure for June 30, 1957. Total current assets on June 30, 1958, were 15.6 percent below those of June 30, 1957, while total current liabilities on June 30, 1958, were 18.3 percent less than those of June 30, 1957. The ratio of current assets to current liabilities, including and excluding materials and supplies, was less favorable on June 30, 1958, than on the same date in 1955 and 1956, but showed a slight improvement over June 30, 1957. The ratio of cash and temporary cash investments to current liabilities was 72 percent on June 30, 1958, only 1 percentage point less than 1 year earlier, but 27 percentage points below 1955 and 14 below 1956.

Current assets and current liabilities, class I line-haul railroads as of June 30

Item	1955 Amount	1956 Amount	1956 Percent of change from 1955	1957[1] Amount	1957[1] Percent of change from 1955	1958 Amount	1958 Percent of change from 1955
	Millions	*Millions*		*Millions*		*Millions*	
Total current assets	$3,337	$3,397	+1.8	$3,152	−5.5	$2,661	−20.3
Cash and temporary cash investments	1,776	1,686	−5.1	1,414	−20.4	1,139	−35.9
Materials and supplies	683	744	+8.9	760	+11.3	655	−4.1
Total current liabilities	1,781	1,958	+9.9	1,934	+8.6	1,580	−11.3
Net working capital:							
Including materials and supplies	1,556	1,439	−7.5	1,218	−21.7	1,081	−30.5
Excluding materials and supplies	873	695	−20.4	458	−47.5	426	−51.2
Ratios							
Current assets to current liabilities:							
Including materials and supplies	1.87	1.73		1.63		1.68	
Excluding materials and supplies	1.49	1.35		1.24		1.27	
Cash and temporary cash investments to current liabilities	.99	.86		.73		.72	

[1] Revised.

The condensed income account which follows shows that revenue and other income was $10,781 million in 1957, a decrease of 0.4 percent below 1956. Materials, depreciation, and other expenses, except wages and salaries, increased 3.2 percent, and taxes declined 4.7 percent. The remainder from revenue after deducting materials, taxes, et cetera, which is the sum available to pay employees and provide a return to investors declined 1.5 percent. Wages and salaries increased 0.7 percent, but the investors' share decreased 9.8 percent.

Condensed income account—class I line-haul railroads

Item	Calendar year 1954	Calendar year 1955	Calendar year 1956	Calendar year 1957	12 months ended with June 30, 1958
	Millions	*Millions*	*Millions*	*Millions*	*Millions*
Revenue and other income	$9,647	$10,377	$10,826	$10,781	$10,074
Cost of materials, depreciations, and other expenses, except wages and salaries	3,008	3,146	3,305	3,410	3,271
Taxes, including income, profits, and payroll	861	1,080	1,121	1,068	954
Total deductions	3,869	4,226	4,426	4,478	4,225
Remainder for employees and investors	5,778	6,151	6,400	6,303	5,849
Wages and salaries[1]	4,627	4,752	5,057	5,091	4,854
Investors' share:					
Rent for leased roads[2]	61	60	57	55	54
Interest on obligations	351	350	352	359	[3] 365
Other deductions[4]	57	62	57	60	63
For dividends and surplus	682	927	877	737	512
Total	1,151	1,399	1,343	1,212	994
Percent wages and salaries	80.1	77.3	79.0	80.8	83.0
Percent investors' share	19.9	22.7	21.0	19.2	17.0

[1] Chargeable to operating expenses and not including the following amounts of payroll taxes, in millions: 12 months ended June 30, 1958, $327; year 1957, $338; 1956, $334; 1955, $284; and 1954, $272.
[2] Represents largely intercompany payments among railroads in the form of interest and dividends.
[3] Partly estimated.
[4] Miscellaneous deductions from income applicable to "other income" shown, contingent charges (capital and other funds), and amortization of discount on funded debt.

Interest on obligations went up 2 percent but rent for leased roads declined 3.5 percent, and the sum available for dividends and surplus was down 16 percent. Wages and salaries in 1957 absorbed 80.8 percent of the amount available for employees and investors as against 79 percent in 1956. The investors' share declined from 21.0 to 19.2 percent.

Table B. appendix A, shows selected operating statistics for freight and passenger service of class I line-haul railroads for 1956 and 1957 and for the first 6 months of 1957 and 1958.

Statistics relating to freight operations of the railroads show decreases by the following percentages in the year 1957 and the first 6 months of 1958, respectively, when compared with the corresponding previous period of 1956 and the first 6 months of 1957, respectively: total revenue ton-miles, 4.4 and 16 percent; tons of revenue freight carried, 5.2 and 20 percent; freight-train miles, 5.9 and 13.7 percent; net ton-miles per mile of road per day, 4.2 and 15.7 percent; loaded car-miles, 5.7 and 14.6 percent; and net ton-miles per freight car-day, 4.9 and 16.9 percent. Revenue per ton-mile increased 5.1 and 2.8 percent, and average haul increased 0.9 and 5 percent.

Statistics representative of adjustment made by the railroads in their operations because of reduced traffic show increases for 1957 compared with 1956 of 1.2 percent in net ton-miles per train-mile (including nonrevenue tons) ; 2.4 percent in gross ton-miles per train-mile (excluding locomotives and tenders) ; 1.1 percent in train-miles per train-hour; and 3.7 percent in gross ton-miles per train-hour. The number of unserviceable freight locomotives decreased from 11.5 to 8.7 percent of total freight locomotives. Loaded freight-car miles per train-mile did not change. Car-miles per car-day decreased 2.9 percent, and the percentage of freight cars unserviceable increased from 3.8 to 4.3.

In the first 6 months of 1958 compared with the same period in 1957, gross ton-miles per train-mile (excluding locomotives and tenders) increased 0.5 percent, train-miles per train-hour increased 2.1 percent, gross ton-miles per train-hour increased 3 percent, and the percent of freight locomotives unserviceable decreased from 9.2 to 8.3. Decreases are shown for the following items: Net ton-miles per train-mile (including nonrevenue freight), 2.8 percent; loaded freight car-miles per train-mile, 1.2 percent; and car-miles per car-day, 12 percent. The percentage of freight cars unserviceable increased from 3.9 to 5.9

Passenger statistics relating to volume of traffic show decreases in the year 1957 and the first 6 months of 1958, respectively, as against the comparative prior periods, as follows: total passenger-miles, 8.2 and 13.7 percent; average journey per road, 4.3 and 79 percent; passenger-train car-miles, 6.9 and 106 percent; and train-miles per

mile of road per day, 1.5 and 6 percent. Revenue per passenger per mile (including commutation passengers) increased 6 and 2.1 percent, respectively. Of the so-called indicators of operating efficiency, revenue passenger miles per train-mile decreased 3.1 and 5 percent, revenue passenger-miles per car-mile did not change in either of the 2 periods when compared with the corresponding previous periods, and train-miles per train-hour increased 0.5 percent in 1957 over 1956 and were 0.2 percent less in the first 6 months of 1958 when compared with the first 6 months of 1957. The percent of passenger locomotives unserviceable decreased from 9.3 to 7.2 in 1957 compared with 1956, and increased from 7.6 to 7.8 in the first 6 months of 1958 compared with the same months of 1957. The percent of passenger cars unserviceable was the same in 1957 and 1956, but increased from 6.9 to 7.7 when the half-year periods are compared.

Motor Carriers of Property

Estimated revenues of class I, class II and class III motor carriers of property were $6,165.9 million in the calendar year 1957, compared with $5,828.9 million in 1956, or 5.8 percent greater.

Based on quarterly returns, 836 class I carriers (those with $1,000,000 or more of annual revenues) reported operating revenues of $3,856 million in 1957, or 8.2 percent more than in 1956 for the identical carriers. The operating ratio went up from 96.3 to 96.5 percent, and net income after taxes decreased 5.1 percent.

Comparing the first half of 1958 with the like period of 1957, revenues of class I motor carriers at $1,825 million were down 3.1 percent. The operating ratio increased from 95.9 to 97.5 percent, and net income after taxes decreased 59.0 percent.

The increases in revenues by 3-month periods, 1957 over 1956, were as follows: First quarter, 8.3 percent; second quarter, 8.2 percent; third quarter, 12.0 percent; and fourth quarter, 4.5 percent. Revenues in the first quarter of 1957 were 3.2 percent less than those of the last quarter of 1956 partly because of a decrease of 3.7 percent in the number of reporting carriers. In the second and fourth quarters of 1957, revenues were 1.5 percent greater than in the preceding quarters, and the third quarter revenues were 4.5 percent greater than those of the second quarter. The number of reporting carriers decreased slightly in each quarter except the third, when it was the same as in the second quarter.

Tons handled in 1957 by these carriers were 0.3 percent above the tons of 1956, with decreases of about 0.4 percent in the first and second quarters, an increase of 5.7 percent in the third quarter and a decrease of 1.1 percent in the fourth quarter of the previous year.

Carriers in the eastern district in 1957 had an increase of 7.6 percent in operating revenues over 1956; those in the southern region reported revenues up 10 percent; and those in the western district had 8.5 percent more revenues than in 1956. The operating ratio of the eastern district carriers as a group was 96.7 percent, an improvement of 0.3 percentage-point; the operating ratios of the southern region and western district groups were 96.2 percent each, or 0.8 and 0.7 percentage-point, respectively, more than in the preceding year.

Operating revenues of 537 common carriers of general commodities were $2,750 million in 1957, an increase of 6.4 percent over 1956. Expenses increased 6.8 percent, and the operating ratio went up from 96.1 to 96.5 percent. Tons decreased 0.5 percent and vehicle-miles went up 0.7 percent.

For 244 common carriers of special commodities, operating revenues were $910 million, an increase of 13.3 percent over calendar year 1956. The accompanying increase in expenses was 13.1 percent, and the operating ratio declined slightly from 96.9 to 96.7 percent. Tons and vehicle-miles increased 4.2 and 7.8 percent, respectively.

Fifty-five contract carriers had operating revenues of $196 million in 1957, an increase of 12.4 percent, with a concurrent increase of 11.2 percent in operating expenses, which resulted in an operating ratio decrease from 96.2 to 95.2 percent. Tons were down 12.1 percent, but vehicle-miles went up 7.6 percent.

Revenues of 76 class I local carriers of property were $212 million, or 6.7 percent more than in 1956. Operating expenses increased 7.4 percent, and the operating ratio went up from 96.3 to 97.0 percent.

It has been reported that 2,701 class I and class II carriers had a loss of more than $8 million after taxes in the first quarter of 1958 as against a net of $13.7 million in the corresponding quarter of 1957.

Motor Carriers of Passengers

Reports of 203 class I motor carriers of passengers, and of passengers and property, engaged in intercity, and local or suburban service show revenues for 1957 of $521.8 million, up 5.6 percent from 1956. Total operating expenses of $482.0 million represented an increase of 5.7 percent, with the operating ratio correspondingly increasing from 92.3 to 92.4 percent.

Total revenues of the 148 carriers providing intercity service increased 6.9 percent to $412.2 million. Total expenses increased 7 percent, and the operating ratio rose from 91.1 to 91.2 percent. In the eastern, southern, and western districts increases in total revenues were 4.8, 5.4, and 10 percent, respectively. New England showed a decline of 3.6 percent. Maximum increases were 8.3 percent for the eastern and western districts, and 14.1 percent in the Middle-Atlantic and Pacific regions. For the 148 carriers, revenues from intercity service

increased 6 percent to $328.8 million. The total number of passengers declined 5.7 percent to 268.6 million and intercity passengers 6 percent to 195.9 million, but intercity bus-miles declined less than 0.7 percent.

Fare increases of 5 percent for all areas were major factors in the increases in intercity revenues. Substantial gains in charter or special service also had their effect on total revenues. The growing importance of charter or special operations to intercity carriers is shown by the 15.1 percent increase from 1956 to 1957, in operating revenues from these services. The totals of $26.0 million in 1956 and of $30.0 million in 1957 accounted for 6.7 and 7.3 percent of total operating revenues in the respective years. For the eastern, southern, and western districts the 1956–57 increases were 11.7, 13, and 21 percent, respectively, and the 1957 revenues constituted 8.5, 6.0, and 6.8 percent of total revenues in these districts. Percentages of total revenue ran as high as 14 and 20.5 percent in the New England and Northwestern regions, respectively. Local or suburban carriers, including a number of carriers who derive all or very substantial portions of their revenues from charter or special operations, showed an increase of 11.4 percent in such revenues in 1957 as compared with 1956. In 1957, these carriers derived 13.3 percent of their revenues from such services.

Many bus operators are placing increased emphasis on their package express service. Favorable results were shown in 1955 and 1956 for intercity carriers of passengers only. The express revenue of $17.3 million for 1956 represented an increase of 13.5 percent over 1955 and 4.6 percent of 1956 total operating revenues. The same intercity carriers also show increased revenue from the handling of mail. From 1955 to 1956 there was an increase of 64.1 percent to $2.2 million, which constituted 0.6 percent of 1956 total operating revenues.

For the first quarter of 1958, the number of intercity passengers of intercity carriers dropped some 10 percent below the corresponding quarter in 1957 to 40.7 million. Revenue from the same service declined 1.9 percent to $66.3 million. With declines in revenues of 12.9 percent from local and suburban operations and 1.9 percent for charter or special services, total revenue fell 1.7 percent to $83.1 million. Unclassified revenues, more than half of which generally comes from the carriage of express, increased 8.4 percent. Expenses increased 1.7 percent, and the operating ratio was 104.9 percent compared with 101.4 for the same quarter of 1957. Severe weather conditions in various parts of the Nation during this quarter were an important factor in the decline in traffic and in increased expenses.

For the first half of 1958, there were 86.1 million intercity passengers of intercity carriers, a decline of 8.8 percent. Revenues of $149.5

million from this traffic are less than 0.5 percent over 1957; and the same is true with respect to total revenues of $189.6 million. Expenses of $181.8 million are less than 1 percent above the 1957 figure, resulting in an operating ratio of 95.9 percent, as compared with that of 95.2 percent for the first half of 1957.

For 145 intercity carriers of passengers only, the 1956 passenger-miles in intercity service were 14.3 billion, off less than 0.6 percent from the previous year. The small change was the result of several factors affecting passenger traffic. While the number of passengers declined 6.7 percent, or from 215.2 to 200.8 million, the average journey per passenger increased from 66.7 to 71.1 miles, and revenue per passenger-mile increased from 2.05 to 2.13 cents, accounting for an increase of some 3 percent in intercity passenger revenues, or from $294.9 to $303.9 million. In comparison, the coach passenger traffic of class I railroads, other than commutation, showed in 1956 an average journey of 103.3 miles and revenues of 2.56 cents per passenger-mile.

Water Carriers

Water-carrier freight revenues continued to improve while tonnage remained relatively constant. Reports from 121 class A and class B carriers (those with annual operating revenues of over $500,000 and $100,000, respectively) showed 1957 freight revenues of $327.7 million, up 6.1 percent from 1956, and tonnage of 105.5 million, up 0.4 percent. Increases in freight revenues of 11.1, 9.1, 5.2, and 4.5 percent were shown for the Great Lakes, Mississippi River and tributaries, Atlantic and Gulf Coasts, and intercoastal groups, respectively, with a decrease of 0.9 percent for the Pacific coast group. The Mississippi River and intercoastal groups together accounted for about 65 percent of the 1957 freight revenues.

The 83 carriers in class A received 96.7 percent of the 1957 freight revenues. The 1957 revenue and tonnage of these carriers showed increases of 6.4 and 2.8 percent, respectively. All groups showed freight revenue increases, varying from 12.7 percent for the Great Lakes group to 1.8 percent for the Pacific coast group. Tonnage increased in 3 of the 5 area groups, the highest being 5.6 percent for the Great Lakes group. There were decreases of 0.6 and 2.5 percent in intercoastal and Pacific coast group tonnages, although both groups showed increases in revenues.

In 1957, as in the previous year, there were divergent trends in the freight revenues of water carriers within each area group. In the Atlantic and Gulf coasts group, characterized by various types of operations, 10 class A carriers showed increased and 10 decreased freight revenues; in the Mississippi River group 14 showed increases

and 4 showed decreases in such revenues. While there were some declines in annual freight revenues for carriers with more than $3,000,000 of such revenue, declines were shown for approximately one-half of the class A carriers with revenues of that amount or less. For class B carriers, in contrast with class A carriers, there was an overall decline in freight revenue. In the Atlantic and Gulf coasts group, 3 carriers out of 12 reporting for 1956 and 1957 showed declines in freight revenue while in the Pacific coast group 11 of 16 such carriers showed decreases.

Passenger revenues of class A and class B carriers increased 5.7 percent to $10.6 million in 1957 over 1956, while the number of passengers increased 5.2 percent. Class A carriers showed increased revenues for each of the area groups and increases in passengers in all except the Great Lakes and Mississippi River groups. Class B carriers showed declines in both revenues and passengers, but the declines resulted almost entirely from the failure of one carrier to resume operations in 1957. Excursion services, which appear to account for most of the passengers carried, generally either held to former levels or made substantial advances over 1956, apart from the above-mentioned failure to resume operations. For cruise services, the number of passengers declined somewhat. There was a decline in passengers of a carrier which provides overnight services between certain eastern cities probably by reason of the abandonment, late in 1957, of 1 of the 2 services performed by it.

For the first 6 months of 1958, revenues and tonnage of class A and class B water carriers totaled $137.1 million and 40.7 million tons, decreases of 13.8 and 18.4 percent, respectively, from the same period of 1957.

Freight Forwarders

In 1957, 87 freight forwarders filed reports showing aggregate revenues of $428.7 million, of which 61 firms with revenues in excess of $100 thousand received 99.5 percent of this total. The three largest forwarders received 52.5 percent of the indicated revenues.

With rate increases somewhat less than were authorized for railroads, the 61 largest forwarders had transportation revenues of $422.5 million, an increase of 1.2 percent over the previous year, despite a smaller volume of traffic. The number of tons handled decreased 6.2 percent to 4.3 million, the number of shipments fell 1.6 percent to 24.9 million, and the average weight per shipment was down 4.7 percent to 345 pounds. Of operating revenues received from shippers, 74.5 percent, as compared with 74.9 percent in the preceding year, was paid for services of other carriers. Those payments were distributed 67.0 percent to railroads, 16.1 percent to motor carriers, 0.6 percent to water carriers, 15.9 percent for pickup, delivery, and transfer service, and 0.4 percent to other carriers. The total of

transportation purchased was $314.8 million, or 0.7 percent greater than for the previous year, and operating expenses increased 3.4 percent to $104.4 million. Net income for 1957, including proceeds from incidental revenues and other income, increased 13.2 percent to $4.0 million, or to 0.9 cents per dollar of revenues compared with 0.8 cents in 1956.

Privately Owned Cars Used in Railroad Service

A total of 206 firms[1] furnishing cars or protective service against heat or cold to or on behalf of rail carriers reported ownership of 298,746 cars in 1957, as compared with 213 owners and 292,972 cars in 1956,[2] a decrease of 3.3 percent in the number of owners and an increase of 2 percent in the number of cars. These firms account for most of the tank and refrigerator cars in use on the railroads, and for smaller proportions of the gondola, hopper, stock, and other cars.

A large proportion of the cars was concentrated in the hands of relatively few owners, 88.1 percent being owned by 26, or 12.6 percent, of such firms; 10.6 percent by 78, or 37.9 percent of the firms, and 1.3 percent by 102, or 49.5 percent of the owners.

The 26 largest operators, those owning 1,000 cars or more, had a gross investment of $1,447 million, a decrease of 1.4 percent from the $1,467 million reported for 1956. The largest had a gross investment of more than $300 million, or 21 percent of the group total, in contrast with a little over $1 million for the smallest. About half of the equipment of this group consisted of tank cars (132,059 of 263,219), a third of refrigerator cars (95,182), and the remainder (35,978) of stock and other cars. However, the refrigerator cars accounted for 62 percent of the total mileage, while the more numerous tank cars performed only 35 percent of the total mileage. Total revenue of the group was $328.2 million, 3.5 percent above the 1956 figure, and the operating ratio was down to 65.7 percent from 66.2 percent. Car service produced 88.3 percent of total revenues, refrigerator and heater service 10 percent, and other services, 1.7 percent.

The 78 owners having more than 100 but less than 1,000 cars had a gross investment of $145 million, an increase of 15.8 percent over the preceding year. The largest had a gross investment of just under $12 million (83 percent of the group total) and the smallest only $71,000. Nearly three-fourths of the group equipment consisted of tank cars, which performed nearly two-thirds of the group mileage. Revenue, all from car service, was $34.8 million or 22.6 percent greater than in 1956, and the operating ratio of 114.3 percent for 1957 was substantially lower than that of 124.1 for the previous year.

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[1] Includes one firm which operated from January to September 1957, only.

[2] There were 102 firms in 1957 and 112 in 1956, with fewer than 100 cars. They were 50 and 53 percent of the total number of owners but accounted for 1.3 and 1.4 percent of the cars in the respective years. Annual reports of operations are not received from this group; therefore, detailed comparisons are restricted to 2 groups of larger owners.

Pipelines

Annual reports for 1957 were received from 82 oil pipeline companies. The 2,182.6 million barrels of crude oils originated represented a decrease of 0.6 percent compared with 1956, but the 667.5 million barrels of refined oils originated constituted an increase of 0.7 percent over 1956. Operating revenues (transportation and other operating revenues) were $730.0 million, a decrease of 1 percent, while operating expenses rose 4.3 percent to $386.7 million. As a result the operating ratio increased from 50.3 to 53.0 percent. The average revenue per barrel of oil originated declined from 25.8 cents in 1956 to 25.6 cents in 1957, due in part to reduced rates. Movement of crude oils in 1957 by trunklines totaled 931 million barrel-miles, representing a decrease of 0.8 percent in comparison with 1956, while trunkline movements of refined oils rose from 233 million barrel-miles in 1956 to 248 million barrel-miles in 1957, an incease of 6.4 percent.

For the first half of 1958, 69 large pipeline companies (those with annual operating revenues of more than $500,000) showed transportation revenues of $320.5 million, a decrease of 5.8 percent under the same period of 1957, and 2,037 million barrels of oil originated and received from connecting carriers, a decrease of 10.3 percent.

For 19 large pipelines engaged primarily in transporting refined oils, the 1957 operating revenues were up 7.1 percent, and expenses increased 4.6 percent from the 1956 levels. The operating ratio of these carriers decreased from 43.9 percent in 1956 to 42.9 percent in 1957. The transportation revenues of the 19 pipelines rose approximately 6.4 percent for the first 6 months of 1958 as compared with the first half of 1957.

Small Shipments

Keen competition continued in the field of so-called small shipments which, in the aggregate, represented a substantial volume of traffic. Agencies which share in the transportation of less-than-carload, less-than-truckload, and parcel traffic are the Post Office Department, airlines, and various forms of for-hire surface carriers, including the Railway Express Agency, Inc., freight forwarders, railroads, motor carriers of property, motor carriers of passengers, parcel delivery services, and, to a very limited extent, water carriers.

The 1957 domestic express revenue of $358.2 million reported by the Railway Express Agency represented a decline of 9.4 percent from the revenue of the previous year. The number of shipments handled by the agency declined 14.8 percent to 73.5 million.

A strike of teamsters in six eastern cities and in San Francisco beginning in April and ending in July 1957, was a factor in the

decline, as was the lower level of economic activity. Rate increases of 4 percent, nationwide, effective December 27, 1956, and of 15 percent, effective July 15, 1957, for the eastern territory in lieu of the previous nationwide 4 percent, were not sufficient to overcome the decline in traffic. A further general increase of 15 percent was approved in October 1958, and an additional 3.5 percent has been requested.

For the first quarter of 1958, domestic express revenues were $83.3 million, 11.8 percent less than those for the same quarter of 1957. Declines in "express privileges," in operating revenues, and in operating expenses were 31.4, 2.2, and 2.1 percent respectively. Domestic express revenues for the first 6 months of 1958 were approximately $170 million, an amount somewhat higher than the $168 million figure for 1957. Loss of business during the 1957 strike held the 1957 figure to a relatively low level.

Revenues of the Post Office from zone-rated parcel post totaled $540.9 million in the year ended June 30, 1957, a decline of 1.7 percent under the fiscal year 1956. The 1957 volume of 975.6 million pieces and the total weight of 5,238 million pounds, represented changes of less than 0.5 percent from the previous year. The average weight per shipment, 5.4 pounds, was about the same.

An investigation into the adequacy of charges for parcel-post services, instituted by the Commission at the request of the Post Office Department is pending. By supplemental petition filed late in 1958 an increase of 17.1 percent is requested. Legislation to increase the maximum size and weight of parcel post packages was before the Congress. Senate hearings on such a measure were held in June 1958, but there was no further action.

Freight forwarders, as noted earlier, showed an increase in revenues but decreases in tons, number of shipments handled, and average weight per shipment.

Tonnage originated in the less-than-carload freight service of class I railroads declined 16.1 percent, from 1956 to 1957, with 5.4 million tons in the latter year. Revenues declined 7.4 percent to $262 million. Tonnage of all traffic handled by class I railroads, however, declined 4.6 percent while gross revenue, influenced by rate increases, declined less than 0.1 percent. The relatively larger decreases in less-than-carload tonnage and revenue emphasized the continuing decline of the railroads' share of such traffic. Determinative influences include both rate and service factors. The difficulties of satisfactorily meeting the less-than-carload problem of declining revenues and increasing costs appear to be the cause of the recent withdrawal of a relatively short-line carrier and a switching and terminal company from less-than-carload freight service.

Data for motor carriers of property show "less-than-truckload" shipments to be those weighing less than 10,000 pounds, and truckload shipments as those of 10,000 pounds or more. For class I carriers, or those having gross revenues of $200,000 or more in 1956 (changed to $1,000,000 beginning in 1957), less-than-truckload shipments furnished $1,629.2 million in revenues, numbered 205.4 million, and weighed in the aggregate 57 million tons, representing increases of 11.2, 6.1 and 5.2 percent, respectively, over 1955. The 1956 less-than-truckload revenues, shipments, and tons represented 61.6, 97, and 42.9 percent of the respective total freight revenues, number of shipments, and tonnage of the class I carriers, which did not differ greatly from the corresponding percentages for 1955. The average weight per less-than-truckload shipment for 1956 was 554 pounds, or 6 pounds less than that for 1955.

Motor carriers of passengers continued their efforts to gain new express business. Their success was reflected in the 1956 reports of 146 intercity carriers of passengers only, which showed an increase of 13.5 percent in express revenues over 1955. Another indication was a 14-percent increase in 1957 over 1956 revenues from other than passenger service of 148 intercity carriers of passengers and of passengers and property. More than half of such revenue generally consisted of express revenue. A large bus system has been stressing parcel service with various optional services, including pickup-and-delivery, collect, c. o. d., and bus-air services. From 1957 to 1958 the express revenues of this system increased 21.8 percent.

Parcel services enter into contracts with shippers for regular pickups of shipments generally confined to sizes and weights competitive with parcel post. A weekly charge may be made for the pickup service, in addition to the prepaid package charges. Some parcel-delivery operations, covering wide areas, use combinations of air and surface transportation, and, in some instances, parcel post for delivery to consignees. Applications for extension of parcel services into additional areas, on a common carrier as well as a contract carrier basis, are pending before the Commission.

There is constant pressure by shippers to secure the very best service possible on small shipments. Business practices, including the maintenance of small inventories and the adjustment of production and sales to changes in style or taste, require that deliveries be made in the shortest possible time. While rates should not be so high as to place a burden on the movement of traffic, the improved services demanded by shippers, often on relatively small shipments or packages, tend to impose increased costs on the carriers. Certain proposals currently under discussion or already in use on a limited scale would more nearly assure the coverage of carrier expenses. Such

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proposals include increased minimum charges and the making of other charges on the basis of weight and distance, regardless of classification, or the observation of some minimum class, such as class 100, on all shipments less than an indicated volume. A density classification has long been used by a large group of New England motor carriers. Proposals which avoid the necessity for classification of individual shipments might be of assistance in reducing clerical charges. Coverage of carrier expenses on small shipments also might be made more certain by the treatment of each package, less than some specified weight, as a single shipment, and by the prepayment of transportation charges.

Taxes Affecting Transportation

On June 30, 1958, Federal excise taxes on the transportation of property by for-hire carriers were repealed, effective August 1, 1958. The taxes repealed were 3 percent of the amount paid for the transportation of property (other than coal) by rail, motor vehicle, water, or air; 4 cents per short ton for the transportation of coal by the same carriers; and 4.5 percent of charges for the transportation of crude petroleum and liquid products thereof by pipelines. These taxes were imposed upon shippers except as to transportation of oil by pipeline, in which case the tax was imposed upon the carriers. It is expected that elimination of these discriminatory taxes will enable for-hire carriers to recapture some freight traffic diverted to private or pseudo-private "buy and sell" operations upon which the tax was not imposed.

The Federal 10-percent excise tax on transportation of persons remained in effect, but it appears that efforts will be continued to obtain its total or partial repeal.

Accruals of all kinds of taxes for class I line-haul railroads for the calendar year 1957 amounted to $1,068 million. This was $53 million below the figure for 1956, a decrease of 4.7 percent. During the same period net revenue from railroad operations dropped $179 million, or 7.3 percent, which was reflected in a decline in Federal income taxes for these roads of $72 to $320 million, a decrease of 18 percent. There were increases in unemployment insurance taxes for these railroads from $64.9 to $82.9 million, or 27.6 percent, and in "other than U. S. Government" taxes from $393 to $404 million. The increase in unemployment insurance taxes was due, in part, to an increase of $33.4 million in total wages, but primarily to an increase in the contribution rate, from 1.5 percent for calendar year 1956 to 2 percent for calendar year 1957, in order to build up the unemployment insurance account, the balance of which had fallen to $332 million on September 30, 1956. In 1958 the unemployment insurance tax rate was increased from 2 to 2.5 percent.

"Operating taxes and licenses" of class I intercity motor carriers of property amounted to $200 million in the calendar year 1957, an increase of $2.3 million over 1956. Income taxes of those carriers also rose from $50.8 million in 1956 to $53.9 million, reflecting an increase in net operating revenues from $132 million in 1956 to $136 million in 1957.

RATE PROCEEDINGS AND OTHER RATE ACTIVITIES

Continued increases in wages and other carrier costs led to further increases in freight rates during the year.

In Ex Parte No. 206, *Increased Freight Rates E., W., and S. Territories, 1956*, 300 I. C. C. 633, decided August 6, 1957, we authorized an increase of 12 percent in railroad class rates throughout the country, and increases on commodity rates and rates on exception-rated traffic of 14 percent in eastern territory, 12 percent in western territory, 12 percent interterritorially between these two territories, 9 percent in the southern and Pocahontas regions, and 9 percent between the latter and the remainder of the country. These increases were in lieu of those previously authorized in prior reports in the same proceeding; namely, 7 percent within eastern territory, 5 percent within western territory and interterritorially between eastern, western, and southern territories, and 5 percent within southern territory.

The eastern and western railroads stated that a minimum level of earnings needed to produce a sound condition in the railroad industry may be measured by an average rate of return of at least 6 percent. Protestants argued that a specific rate of return should not control the issues. They referred to the history of the act relating to rates of return and numerous court decisions.

We concluded that there is no statutory requirement or statement of policy that calls for the fixing of rates so as to yield a certain rate of return on investment, either in the United States as a whole or in various rate territories.

We also stated "* * * the record makes amply clear that the carriers are faced with other increased costs by the end of 1957, which are not definite and certain * * *. When these become an actuality, the respondents may further petition us in this proceeding to modify our outstanding orders so that they may file schedules, accompanied by adequate justification, subject to protest and possible suspension, proposing further moderate increases in such rates and charges to cover additional increases in expenses which have materialized."

We had previously suggested that the time had probably come when consideration should be given to ways of increasing rates other than by means of horizontal increases, and the carriers were asked to give consideration to this suggestion.

On December 23, 1957, in Ex Parte No. 212, the railroads filed schedules accompanied by a petition proposing increases in certain of their freight rates and charges, subject to a refund provision. For the United States, an increase of $208.9 million was anticipated if the proposed schedules became effective on both interstate and intrastate traffic, and it reflected an average increase of about 2.3 percent. The proposal was not designed to cover the increase in wages and payroll taxes effective November 1, 1958, or the $127 million increase in miscellaneous expenses.

The increases proposed by the railroads varied as between commodities, with certain commodities and movements being exempted entirely. New or increased charges were proposed on the various accessorial services which the railroads render.

In our report in Ex Parte No. 212, *Increased Freight Rates, 1958*, 302 I. C. C. 665, we allowed most of the proposed increases to go into effect, but some were suspended partially or entirely. The permitted increases were made subject to a special refund provision, in addition to the remedial provisions of the act, and an investigation was instituted into the lawfulness of all of the new and increased rates and charges, and tariff changes, including those permitted to become effective, and the proposed reduction in free time at the ports. This investigation is pending.

In the interim reports in Ex Parte No. 206 the freight forwarders were authorized to establish increases of 7 percent in the East, and 5 percent in the West, South, and interterritorially. In the final report on August 6, 1957, in lieu of the above increases, they were authorized to establish, on short notice, increases of 11 percent in eastern territory, 7 percent in southern territory, 9 percent in western territory, and 9 percent interterritorially between all territories.

In general, water carriers were given special permission to publish increases in their rates and charges similar to those of the railroads, on less than statutory notice and subject to protest and possible suspension.

Motor carrier rates also were increased generally by about the same amounts as were the rail rates, to offset similar increases in operating costs, but on a region-by-region basis.

Investigation of Passenger Train Deficit

Prior reports have referred to Docket No. 31954, *Railroad Passenger Train Deficit*, which is an investigation instituted by the Commission on its own motion, into the serious situation of the railroads in connection with the increasing deficit being experienced on their passenger train service. The last annual report pointed out that an order was

entered designating 15 subjects of the investigation upon which studies should be made and testimony or other evidence presented.

Hearings were held from time to time during the year. Because of the complexity of the issues and the type of evidence necessary to meet those issues, the parties required considerable time for preparation of their evidence and for cross-examination of the witnesses. The hearings, however, were concluded on June 23, 1958. By reason of the widespread interest in the subject matter of the proceeding, a special committee of members of State regulatory agencies, appointed by the National Association of Railroad and Utilities Commissioners, sat with the examiner at the hearings.

A proposed report of the hearing examiner is being prepared and will be issued preliminary to any final decision in the proceeding by the Commission.

Mail Pay

Two reports were issued during the year approving increases in mail pay for practically all of the railroads of the country based upon a so-called space-used system in lieu of the space-authorized system heretofore employed in such determinations.

The first was *Railway Mail Pay, Application of Southern and Western Railroads*, 302 I. C. C. 609, decided December 30, 1957, in which we approved mail pay rates in the West and South. The rates had been agreed to by the Postmaster General and the railways in those territories, retroactive to July 1, 1957. They reflected increases in the rates of 7.5 and 13.5 percent, and resulted in estimated annual increases in revenue of 7.5 and 7 percent, respectively, coupled with adoption of the space-used system in the South.

The second was No. 9200, *Railway Mail Pay, Application of Eastern Railroads, 1956*, decided June 23, 1958, in which we prescribed mail pay rates in the East, reflecting an average increase of 30 percent for the future, with a retroactive increase of 30 percent from November 1, 1957, 25 percent from November 1, 1956, to October 31, 1957, and 20 percent from July 3, 1956, to October 31, 1956. The retroactive pay was estimated at approximately $58,000,000. The Postmaster General modified his comprehensive plan accordingly. The result is that while the mail pay rates in the East are somewhat higher than in the West and South, reflecting the relatively greater costs and revenue needs of the eastern railroads, the space-used system for determining such rates is uniform for practically all railroads of the country.

General Rate Work

TARIFFS

During the year, 191,997 publications containing newly established or changed freight, express, pipeline, or freight forwarder rates, pas-

senger fares, or contract-carrier rate schedules were received for filing. The detailed figures follow:

PROPERTY		
Common carrier:	*Tariffs received*	
Rail	63,016	
Motor	99,254	
Water	1,392	
Express:		
Rail	470	
Motor	441	
Pipeline	612	
Freight forwarder	8,933	
Total		174,118
Contract carrier:	*Schedules received*	
Motor	3,648	
Water	57	
Total		3,705
Total property		177,823
PASSENGER	*Tariffs received*	
Rail	7,138	
Motor	6,906	
Water	130	
Total passenger		14,174
Grand total		191,997

Of these tariffs and rate schedules, 2,748 were rejected by the Bureau of Traffic for failure to give notice required by the statute or for nonconformity with the Commission's regulations, and 8,060 were criticized but were accepted for filing. Filings of powers of attorney, certificates of concurrence, and revocation notices aggregated 23,417.

Pursuant to the amendment of section 22, effective August 31, 1957 (Public Law 85–246), carriers are now required to file with the Commission concurrently with their submittal to any department or agency of the United States Government, quotations or tenders under this section for transportation of property or persons free or at reduced rates. Such quotations or tenders are preserved by the Commission for public inspection. There were received and filed 17,783 such quotations or tenders.

Applications requesting permission to change rates or other tariff provisions on less-than-statutory notice, or to depart from our tariff publishing rules, received during the year numbered 12,395. There were 114 such applications pending on July 1, 1957, making a total of 12,509 applications. Of this total 11,079 were approved and 1,349 were denied, with 81 pending on July 1, 1958. There were received and filed 3,846 copies of contracts between motor contract carriers and shippers, while 19,117 contracts or amendments to existing contracts

between freight forwarders and motor common carriers were filed pursuant to section 409 of the act, as amended.

Issuance of operating certificates and permits to motor carriers and the transfer of such operating rights are conditioned upon the filing of appropriate rate tariffs or schedules by the carriers involved. Such filings were checked in connection with the issuance of 4,012 new or amended permanent certificates and permits and in connection with 1,532 transfers. Similar checks were made in connection with the granting of 3,792 applications for temporary operating authority. A duplicate tariff file has been maintained for use by the public.

RELEASED RATES

Applications for authority under sections 20 (11), 219, and 413 to establish rates dependent upon declared or agreed value totaled 72, and 23 were pending July 1, 1957. Of the total of 95, 53 were granted, 27 were withdrawn, and 15 were pending at the end of the year. Fourteen orders previously entered were rescinded. The following ex parte cases are pending: No.MC-49, *Released Rate Rules—National Motor Freight Classification* and No. 197, *Consolidated Freight Classification and Uniform Freight Classification.*

SUSPENSIONS

A total of 4,532 rate adjustments involving changes in tariffs and schedules of rail, motor, water, freight forwarder, express and pipeline carriers were disposed of by the Board of Suspension, Division 2, or the Commission. Practically all of the adjustments had been protested. Of the total, 137 represented increases, 4,280 reductions, 82 both increases and reductions, and 33 neither increases nor reductions. There were 6,293 tariff publications involved in these rate adjustments.

The following actions were taken:

	Rail	Motor	Water	Freight forwarder	Express	Pipeline	Total: Number	Total: Percent
Suspended in full	139	1,865	178	53	1	0	2,236	49.3
Suspended in part	8	106	17	3	0	0	134	3.0
Not suspended (permitted to become effective)	394	832	165	42	3	3	1,439	31.8
Otherwise disposed of (schedules rejected, protest withdrawn, protested schedules cancelled by carriers, etc.)	102	584	24	13	0	0	723	15.9
Total	643	3,387	384	111	4	3	4,532	100.0

Of the 4,766 protests filed against these 4,532 adjustments, some were directed against more than one tariff publication, and some were joint protests. In many instances, more than one request for suspension of the same tariff was filed. Among the protests were 29 from

State Government agencies and 9 from Federal Government agencies.

Statements filed in opposition to suspension other than by proponent carriers numbered 993.

A total of 878 investigation and suspension proceedings instituted by the board or Division 2, some of which involved more than 1 adjustment, were discontinued prior to hearing on advice of the carriers that they would not attempt to justify the suspended matter.

FOURTH SECTION BOARD

The number of applications for relief from the long-and-short-haul and aggregate-of-intermediates provisions of section 4 was 834, a decrease of 826 from the previous year. The decrease is a result of the July 11, 1957, amendment of section 4 (Public Law 85–99), which eliminated the need for filing of applications for relief from the long-and-short-haul provision of section 4 to permit circuitous routes to meet the rates over the more direct routes and made the section self-operating in that regard. Except for applications which resulted in oral hearings, those filed pursuant to orders of the Commission, and those considered in connection with general increased-rate proceedings, this work was handled to completion by the Fourth Section Board. The number of orders entered by us or by the board in response to applications was 859, of which 71 were denial orders, 58 were orders granting temporary relief, and 730 were orders granting continuing relief. Eight formal reports relating solely to fourth-section matters were issued. Applications withdrawn numbered 82, and those heard numbered 7. Petitions filed for modification of outstanding orders totaled 128, and 32 were pending July 1, 1957. Of these 160 petitions, 13 were withdrawn, 125 were granted in whole or in part, 13 were denied, and 9 are pending.

INFORMAL RATE CASES AND RELATED WORK

The number of requests for photostatic copies and certificates of tariff publications received and disposed of was 1,227. For use in our waybill statistics, 196,409 rail freight waybills were analyzed and checked to determine the first-class rates and short-line distances involved.

The number of informal complaints filed under parts I, II, III, and IV of the act (other than complaints as to rates handled by the field staff of the Bureau of Motor Carriers) was 1,157, a decrease of 79 under the number last year. These complaints are generally handled by the Section of Rates and Informal Cases, Bureau of Traffic. The number disposed of was 1,494. In a large number of the complaints reductions in rates and refunds of overcharges were obtained for shippers and passengers, as were payments of damages for misrouting of

shipments by the carriers. Also, many adjustments of claims for damage to freight were effected as a result of informal handling with the carriers.

Rail carriers filed 932 special-docket applications for authority to refund freight charges alleged to be unreasonable, a decrease of 263. Refunds were authorized in 804 cases, a decrease of 310, and reparation thereunder was awarded in the sum of $1,049,895.30. In addition, 498 special-docket cases were dismissed or disposed of without orders.

Approximately 10,500 letters, many of which had the characteristics of informal complaints although not classified as such, also were handled.

In cases of dispute, assistance is given to interested parties in tariff interpretation and in adjusting rate and other transportation difficulties through the medium of informal conferences and by correspondence. Thus problems of complainants, defendants and other affected parties, in appropriate cases, are handled by an inexpensive procedure. Litigants or disputants have been encouraged to avail themselves increasingly of this informal procedure, as well as of informal conferences with the staff of the Commission, wherever practicable, with a view to saving time, effort, and expense for themselves as well as for the Government.

RATE BUREAUS AND AGREEMENTS

Three new agreements and 10 petitions for approval of amendments to agreements were filed under section 5a, and 10 agreements and petitions to amend were pending at the beginning of the year. Of the total of 23 applications and petitions, 14 were approved as submitted, 3 were approved after modification required by the Commission had been made, 1 was dismissed, and 5 were pending at the end of the year. Since section 5a was added to the act in 1948, a total of 103 applications for approval of agreements and petitions to amend agreements previously approved have been acted on. Of this total, 59 related to motor carriers, 28 to railroads, 14 to water carriers, and 2 to freight forwarders.

Formal Rate Proceedings

In formal rail rate proceedings, there were 173 hearings, 22 oral arguments, and 42,633 pages of transcript, compared with 224 hearings, 45 arguments, and 77,733 pages of transcript in the previous year.

In motor carrier rate proceedings, there were 87 hearings, 2 oral arguments, and 15,560 pages of transcript, compared with 42 hearings, 5 arguments, and 5,516 pages of transcript in the previous year.

Of the proceedings involving rail and other than motor-carrier rates, the formal complaints filed numbered 124, of which 114 were original complaints and 10 were subnumbers. Thirty-three investigations and 241 investigation and suspension proceedings were instituted during the same period. We decided 288 proceedings, and dismissed or discontinued 135 proceedings, on stipulation, on complainants' requests, or for other reasons, making a total of 423 disposed of as compared with 378 during previous period.

Of the proceedings involving motor-carrier rates, the formal complaints filed numbered 54, of which 51 were original complaints and 3 were subnumbers. Forty-seven investigations and 1,624 investigation and suspension proceedings were instituted. Proceedings disposed of numbered 1,771, of which 545 were decided by the Commission or a division; 32 by recommended orders which became effective in the absence of exceptions thereto; and 1,194 by dismissal on stipulation or on the complainants' requests, or by discontinuance. The total compared with 1,390 disposed of in the previous year.

Proceedings reopened for further hearing and reconsideration numbered 81, of which 39 involved motor carrier rates, and the remainder railroad or other rates.

Presented below is a summary of rate proceedings dealt with in the years 1955, 1956, 1957, and 1958. Included are formal proceedings handled without oral hearings by the Fourth Section Board, Bureau of Traffic.

	1955		1956		1957		1958	
	Rail	Motor	Rail	Motor	Rail	Motor	Rail	Motor
Pending	[1] 550	[1] 735	[1] 573	[1] 786	[2] 470	[2] 573	[2] 487	[2] 595
Instituted in year:								
Formal complaints filed	203	89	183	80	132	50	124	51
Subnumbered complaints filed	31	3	39	2	5	5	10	3
Investigations [3]	24	28	24	39	44	44	33	47
Investigation and suspension	254	1,350	197	1,207	168	1,209	241	1,624
Total	512	1,470	443	1,328	349	1,308	408	1,725
Disposed of in year:								
By report of Commission or a division	358	159	376	342	278	219	[2] 288	[2] 345
By effective recommended order	-------	206	-------	202	-------	144	-------	32
Dismissed or discontinued	49	1,068	144	1,039	100	1,027	135	1,194
Total	407	1,443	490	1,583	378	1,390	440	1,571
Under submission	[1] 31	[1] 161	[1] 84	[1] 36	[2] 157	[2] 72	[2] 79	[2] 50
Pending	[1] 573	[1] 786	[1] 477	[1] 547	[2] 470	[2] 573	[2] 387	[2] 595
Other rate proceedings disposed of by formal reports:								
Ex parte proceedings	10	-------	13	-------	6	-------	8	2
Fourth-section applications	16	-------	56	-------	27	-------	35	-------
Fourth-section applications disposed of without formal reports	1,681	-------	1,941	-------	1,589	-------	976	-------
Petitions disposed of	319	127	293	213	232	355	395	218

[1] As of October 31.
[2] As of June 30.
[3] Includes complaints. I. and S. and investigations.

Percent of formal rate proceedings handled by the modified procedure method

	12-month period ending June 30—			
	1955 [1]	1956 [1]	1957	1958
Other than motor carrier:				
Formal complaints	74	55	56	51
Investigation and suspension proceedings	43	33	37	35
Motor carrier:				
Formal complaints	72	57	59	32
Investigation and suspension proceedings	89	91	90	88

[1] Percentages stated are for the 12-month period ending July 31.

CASES OF SPECIAL IMPORTANCE

Reports were issued during the year in the following rate proceedings of special importance not mentioned elsewhere in this report:

No. 29777, *Kansas Corp. Comm.* v. *Atchison, T. & S. F. Ry. Co.*, 301 I. C. C. 703. In our report on further hearing issued September 27, 1957, reasonable rates and nonprejudicial rate relations as between Kansas, Oklahoma, and Texas were prescribed on grain and grain products to points throughout the South. Among other things, this report condemned the use of so-called "bushel miles" in determining just and reasonable differences in average distances between the respective grain-origin groups as a basis for the prescription of lawful rate differentials between the groups. Our prior order in this proceeding, 289 I. C. C. 553, was enjoined by a three-judge Federal Court for the District of Kansas, *State Corp. Comm. of Kansas* v. *United States*, 128 F. Supp. 646.

No. 30744, *American Barge Line Co.* v. *Alabama G. S. R. Co.*, 303 I. C. C. 463. In this report we affirmed findings in a prior report, 296 I. C. C. 247, (1) that failure of the defendant rail carriers to apply on ex-barge grain and grain products, in carloads, from barge-line ports of discharge, on the Ohio and Tennessee Rivers, for example, proportional rail rates to the South equal to those applied on ex-rail shipments from and to the same points, is not in violation of section 3 (4) of the act, and (2) that local rates applicable on ex-barge traffic from Tennessee River ports to the South are not in violation of section 1, 2, or 3 (1) of the act. The complaint was dismissed. In this report we held, among other things, that in order for a carrier subject to either part I or part III of the act to be a connecting line within the meaning of section 3 (4), there must be a willingness to participate in through routes and through transportation; and that the language in section 3 (4) contemplates the existence of physical transportation facilities to form the connection "between connecting lines," and the use or operation of such facilities by the lines concerned in performing the service of interchange between them.

I. and S. No. 6062, *Petroleum in North Pacific Coast Territory*, 302 I. C. C. 219. Upon further hearing, findings in a prior report on reconsideration, 292 I. C. C. 317, that proposed reduced rates on petroleum products, in tank-car loads, from the Puget Sound and Portland areas, and inland terminal origins, to destinations in Washington, Oregon, Idaho, and Montana, are reasonably compensatory and consistent with the national transportation policy, were affirmed. Proposed reduced rail rates were found no lower than necessary to meet existing competition, and not to constitute unfair or destructive competitive practices. This proceeding involved competitive rates of three modes of transportation; namely, rail, motor, and water carriers. In *Pacific Inland Tariff Bureau* v. *United States*, 129 F. Supp. 472, the court affirmed our findings in the prior report as to the rates proposed for westbound application from origins in Montana and Wyoming, but as to the eastbound rates the prior findings were set aside, and that portion of the proceeding was further heard and disposed of in the foregoing report.

No. 31264, *Koppers Co., Inc.*, v. *Chesapeake & Ohio Ry. Co.*, 303 I. C. C. 383. Upon reconsideration, proportional rates on bituminous coal, in carloads, from mines in Virginia, West Virginia, and Kentucky to Hampton Roads, Va., subsequently moved by water to Seaboard, N. J., were found not shown to have been or to be unlawful. Findings in a prior report, 301 I. C. C. 284, were affirmed. This report has the effect of approving higher rail rates to Hampton Roads on coal moving beyond by water to Seaboard than on similar rail traffic moving beyond the port for a greater distance by water to a New England destination.

I. and S. No. 6742, *Iron Ore, Ex-Labrador, Canada, to Youngstown, Ohio*, 302 I. C. C. 109. Proposed reduced rates on iron ore, in carloads, from St. Antoine and Contrecoeur, Quebec, Canada, to destinations in the Youngstown, Ohio, area were found not shown to be lawful in relation to the rates on imported iron ore through North Atlantic ports to the same destinations, and proposed reduced rates on such ore from Philadelphia, Pa., to destinations in the Youngstown area were found not shown to be just and reasonable. The schedules were ordered canceled, without prejudice to the establishment of rates found to be lawful.

No. MC–C–1849, *United States* v. *Davidson Transfer & Storage Co., Inc.*, 302 I. C. C. 87. The findings in *Bell Potato Chip Co.* v. *Aberdeen Truck Line*, 43 M. C. C. 337, that the Commission has jurisdiction to make an administrative determination of the lawfulness of charges on past motor-carrier shipments, were affirmed.

No. MC–C–1762, *Seattle Traffic Assn.* v. *Consolidated Freightways, Inc.*, 301 I. C. C. 483. Motor-carrier class rates between Seattle and Tacoma, Wash., and related points, and points in eastern Washing-

ton, eastern Oregon, Idaho, Utah, and Montana, were found unjust and unreasonable, unduly prejudicial to Seattle, Tacoma, and related points, and unduly preferential of Portland, Oreg., and Vancouver, Wash., and related points. Motor-carrier commodity rates between Seattle and Tacoma and related points, and points in eastern Oregon, southern Idaho, and Utah were found not shown to be unjust or unreasonable, but in instances unduly prejudicial to Seattle, Tacoma, and related points, and unduly preferential of Portland, Vancouver, and related points. A lawful rate basis was prescribed for the future. The motor-carrier commodity rates between Seattle, Tacoma, and related points in eastern Washington, northern Idaho, and Montana were found not shown to be unjust, unreasonable, or otherwise unlawful.

Reports affecting intrastate rates were issued in the following proceedings arising under section 13 (3) of the Interstate Commerce Act:

No. 32089, *California Intrastate Freight Rates and Charges*, 302 I. C. C. 189.

No. 32140, *Increased Commutation Fares, N. Y. and Pa.*, 302 I. C. C. 125.

Some pending rate proceedings of special importance not mentioned elsewhere are:

No. 31711, *Fresh Vegetables From Texas, California, Arizona, and New Mexico.*

No. 31874, *Southern Association of Railroad and Utility Commissioners et al.* v. *The Atchison, Topeka & Santa Fe Railway Company et al.* and related proceedings. These proceedings involve rates on grain and grain products in Southern, Central and Western Territories.

No. 31503, *The Akron, Canton & Youngstown Railroad Company et al.* v. *The Atchison, Topeka & Santa Fe Railway Company et al.* and related proceedings. The complaints in these proceedings bring in issue the lawfulness of divisions of joint rates between railroads in Eastern and other territories.

No. MC–C–1891, *Oilfield Equipment, Materials and Supplies to and between the Southwest*, and related proceeding.

No. MC–C–1510, *Iron and Steel Articles—Eastern Common Carriers.* Reopened for further hearing.

I. and S. No. 6074, *Iron Ore from Eastern Ports to Central Freight Association Points.* Reopened for further hearing.

OPERATING AUTHORITIES

There were increases during the year in the number of applications for new operating authority, or extension of existing authority, by motor carriers, water carriers, freight forwarders, and motor-carrier

subsidiaries of railroads. At the same time applications to abandon lines of railroad increased in number and almost doubled as to the mileage involved, as compared with the prior year.

A number of motor-carrier operating rights were issued to new carriers entering the field, but, largely because of consolidations and revocations, the number of carriers holding such authority issued by this Commission decreased from 19,163 to 18,989.

Motor Carriers

The number of applications to institute new or extend existing motor-carrier service increased nearly 10 percent, totaling 3,474, compared with 3,164 such applications in the previous year. Among these were applications by railroads and their motor subsidiaries seeking authority to provide additional motor-carrier service auxiliary to and supplemental of rail service. In some of these cases, the motor-carrier rights sought would parallel substantial mileages of the parent railroad routes.

These and other developments in transportation presented new problems in connection with the issuance of operating authorities. In two instances, the Supreme Court has established guide lines for future determinations. In one, the court sustained our grant of a certificate to the Rock Island Motor Transit Co., a railroad subsidiary, to perform unrestricted motor-carrier service. *American Trucking Associations, Inc.*, v. *United States*, 355 U. S. 141. In the other, the court found that when a motor-carrier application is opposed by another mode of transportation (in this instance, the railroads), consideration must be given to any inherent advantage in the proposed motor service as compared with the opposing carrier's service, and to weigh this factor in the light of the national transportation policy. *Schaffer Transp. Co.*, v. *United States*, 335 U. S. 83.

The principal issues related to motor carrier operating authority came before us as a result of violations, questionable practices, amendments to the act, and new developments in service or in the products offered for shipment.

VIOLATIONS AND QUESTIONABLE PRACTICES

Revocation proceedings.—Nationwide road checks conducted early in the year indicated that some of the larger motor carriers were not observing our regulations relating to safety of operations and equipment, and hours of service of drivers. As a result, investigations were instituted into the operations of six class I motor carriers of property. They were directed to show cause at a hearing why their operating rights should not be suspended until such time as their motor vehicles had been placed in a safe operating condition and they

had taken steps to comply with all of our safety regulations, including those relating to hours of service of drivers.

In *Transamerican Freight Lines—Suspension or Revocation of Certificate*, 74 M. C. C. 708, the respondent was found to have expanded and implemented its safety programs so as to effect substantial compliance with our safety rules and the proceeding was discontinued with respect to this respondent.

In *Ace Lines, Inc.—Suspension or Revocation of Certificate*, 76 M. C. C. 677, the acts and omissions of the respondent over a period of time and in the absence of an adequate explanation were found to constitute a legally willful violation of our safety regulations and the respondent was ordered to bring its operations into compliance with our safety regulations. The proceeding was held open for a year to give the respondent an opportunity not only to comply promptly with such regulations but to assure that such compliance had been continued over a sufficient period before considering whether the respondent's operating rights should be suspended or revoked or the proceeding discontinued. Similar disposition was made in *Penn-Dixie Lines, Inc.—Suspension or Revocation of Certificate*, 76 M. C. C. 697.

Other practices.—Various problems involving so-called buy-and-sell operations, private carriage, leasing of vehicles and drivers, and other questionable practices also continued to occupy our attention, and a number of investigations into such matters were instituted. After lengthy hearings, operations involving widespread "buy-and-sell" transportation of salt in the Midwest were found to be unlawful for-hire transportation, and compliance with cease and desist orders was obtained. Similar proceedings involving sugar and other commodities are pending.

In *Driver Service, Inc., Investigation of Operations*, 77 M. C. C. ——, two companies, one of which leased vehicles to shippers while the other provided drivers, were found to be engaged jointly in transportation of property for compensation without appropriate authority and were ordered to cease and desist from such operations.

Hot cargo.—In a complaint instituted by 1 motor common carrier against a number of its connecting motor carriers, 9 of the defendants were found to have failed to carry out their duties as common carriers under the act by refusing to accept shipments tendered to them by the complainant because of obligations under labor contracts to which the defandants were parties. Without determining the legality of the so-called "hot cargo" clauses in such labor contracts, we found that the defendants' refusal to accept the tendered interstate shipments was unlawful and that they, as common carriers, may not bargain away their statutory obligations to the public by means of contracts with third parties. *Galveston Truck Line Corp.*

v. *Ada Motor Lines*, 73 M. C. C. 617. Some of the defendants instituted proceedings in court to set aside our cease and desist order.

AMENDMENTS TO THE ACT

Contract carrier redefinition.—The 70th Annual Report included as one of its legislative recommendations a proposal to amend the definition of contract carriers by motor vehicle as set forth in section 203 (a) (15) so as to state clearly the nature of the services which may be performed by such carriers and to provide that their services shall be performed under continuing contracts with one or a limited number of persons. Effective August 22, 1957, amendments to sections 203, 209, and 212 redefined the term "contract carrier by motor vehicle," specified certain standards and conditions to be met in the issuance of motor contract carrier permits, and provided for the issuance of common-carrier certificates in lieu of contract-carrier permits to those contract carriers whose operations on August 22, 1957, did not conform to the amended definition. The amendments were designed primarily to establish statutory tests to distinguish between motor-common and motor-contract carriage.

The amendment to section 212 required that we examine all contract-carrier authority outstanding on the effective date of the amendments and initiate proceedings either on our own motion or on application of the permit holder to convert the contract-carrier authority to common-carrier authority if the operations did not fall within the amended definition.

Approximately 2,600 contract-carrier permits were examined; 417 applications for conversion from contract- to common-carrier status were filed; and 313 investigations were instituted to determine whether the respondents' contract-carrier permits should be revoked and common-carrier certificates issued in lieu thereof. Although the amendments provided for filing of complaints against contract carriers looking toward conversion of their permits to common-carrier certificates, only one such complaint was filed.

Of the 2,600 carriers whose permits were investigated, almost 2,000 were found initially to be bona fide contract carriers. Appeal from these initial findings was authorized, but none was filed.

Of the 731 proceedings instituted, 155 have been disposed of and 576 are pending.

The amendments have been of substantial aid in distinguishing the 2 types of for-hire carriage, and supply the means of separating them into 2 distinct classes.

Exempt commodities.—Difficulties in interpreting the exemption in section 203 (b) (6) of the act relating to agricultural commodities led to inclusion in the Transportation Act of 1958 of clarifying

amendments designed to halt the inclusion of additional commodities in the list of exempt commodities, to remove the exemption with respect to several commodities, and to make certain other commodities remain subject to the exemption. "Grandfather" rights were provided for those carriers which were engaged on May 1, 1958, in the transportation of the commodities on which the exemption was removed and "interim" rights were provided for those carriers which instituted such transportation subsequent to May 1, 1958, but prior to the effective date of the amendments, August 12, 1958.

DEVELOPMENTS IN SERVICE

Piggy-back.—Some motor carriers sought additional operating rights in order to participate with certain railroads in a coordinated motor and rail piggy-back service. *Gilbert Carrier Corp. Extension—Kearny, N. J.*, 72 M. C. C. 204. For some time, railroads and motor common carriers of property had entered only to a very limited extent into arrangements for rail-motor through routes and joint rates. Additional trailer-on-flatcar service has been made available by the railroads, however, and as a result there has been an increase in its use by motor carriers to avoid over-the-road operations. In some instances the railroads and motor carriers have established joint rates for the combination of over-the-road motor-carrier service and the trailer-on-flatcar service. The increased cooperation between motor carriers and railroads should result in economies in the cost of performing intercity transportation service to the benefit of both transportation agencies and to the ultimate benefit of the shippers.

Specialized services.—The use of cerain new types of vehicles also created problems of interpretation of the operating rights of existing carriers in connection with "in bulk" operations. For example, the demand for operating rights for bulk transportation of both liquid and dry commodities in various types of tank vehicles continued to increase with the trend away from packaged containers. In addition, a new type of rubber or plastic tank has been perfected which will permit the hauling of acids, petroleum products, vegetable juices, and other liquid commodities in van-type and other equipment in one direction and dry freight on return movements after the tank has been rolled up and stowed out of the way. Other types of specially constructed motor vehicles have been placed in service for the transportation in bulk of truckloads of dry freight which formerly had to be transported in bags or other containers.

Broad authority was granted several motor carriers to transport crude oil and fats to a refining point and to transport the refined product to destinations in several States. *Commercial Oil Transport Extension—Jacksonville, Ill.*, 73 M. C. C. 527.

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Importation of foreign automobiles in steadily growing numbers was evidenced by a number of applications for authority to transport such cars from the ports. Transportation requirements of chemical producers to enable them to expand with the development of new products created complex issues of interpretation with respect to rights of existing carriers. Two proceedings of this type were *M. I. O'Boyle Tank Lines Extension—Fish Oil*, 72 M. C. C. 789, and *Quality Carriers, Inc., Extension—Emulsified Petroleum Sizing*, 73 M. C. C. 124. Future transportation needs arising from large-scale development of new areas also were recognized in grants of authority to provide motor service at several new dam sites. Other applications were related to the increasing use of combined air-truck service by means of joint rates on through traffic. One airline and 12 motor carriers now serve more than 800 points in 6 midwestern States in this manner. Motor-carrier service in connection with trailership operations also led to some applications for operating authority.

In addition, new operating authority questions involving transportation of missiles and other military devices are awaiting determination.

TEMPORARY AUTHORITIES

The number of applications by motor carriers for temporary authority increased slightly in the year ended June 30, 1958, over the previous year, or from 3,951 to 4,008. Most of them were to authorize transportation urgently needed for sporadic movements where the existing transportation facilities were inadequate, and most were for a period of 30 days or less. A large number were to provide a service for 180-day periods which were followed by applications for permanent authority.

Water Carriers

During the year we disposed of 42 water-carrier applications for permanent operating authority, of which 29 were dismissed or denied and 13 were granted in whole or in part.

Several permanent authority applications involved the entry of a new carrier in the field. In *Woods Common Carrier Application*, 303 I. C. C. 158, we authorized the applicant to institute initial operations as a common carrier by non-self-propelled vessels, with the use of separate towing vessels, of commodities generally between points on the White River south of and including Newport, Ark., on the one hand, and, on the other, New Orleans and Baton Rouge, La., and Arkansas City and Helena, Ark. This applicant is the first water carrier to be authorized specifically to operate on the White River.

In No. W–376 (Sub-No. 13), *Pan-Atlantic Steamship Extension—Intercoastal*, 303 I. C. C. 163, applicant was granted a certificate authorizing it to extend its operations by self-propelled vessels in the

transportation (1) of commodities generally between specified Atlantic coast ports, on the one hand, and, on the other, named Pacific coast ports through the Panama Canal, and (2) of passengers (*a*) in coastwise and intercoastal movement between specified Atlantic and Pacific ports and (b) between specified Pacific coast ports, on the one hand, and, on the other, Galveston and Houston, Tex., New Orleans, La., Mobile, Ala., Panama City, Fla., and Tampa, Fla.

By a joint petition, filed last spring, American Commercial Barge Line Company, Federal Barge Lines, Inc., John I. Hay Company, Mississippi Valley Barge Line Company, The Ohio River Company, and Union Barge Line Corporation seek issuance of a declaratory order under section 5 (d) of the Administrative Procedure Act to remove uncertainty which, they aver, now exists respecting commodities, in bulk, which may be transported by water carriers exempt from regulation under the provisions of section 303 (b) of the Interstate Commerce Act. Following publication in the Federal Register, numerous replies and representations have been received from shippers, water carriers, and others. As yet final action has not been taken by us on the petition.

Freight Forwarders

On August 22, 1957, section 410 (d) of part IV of the act was amended so as to limit the application thereof to freight forwarders controlled by, or under common control with, a common carrier subject to part I of the act. By this amendment the Commission is given stronger administrative control over the issuance of permits to engage in the business of freight forwarding than previously existed, and thereby the requirements which control the disposition of applications for freight-forwarder permits are brought more nearly into line with those which control the granting of operating authority to other types of common carriers subject to regulation under the act.

During the year only a few freight-forwarder applications were filed. Two applications were dismissed or denied and 2 were granted in whole or in part. At present several applications for extensive operating rights are being processed to decisions.

Brokers

During the year, licenses to operate as brokers of motor carrier transportation, subject to our jurisdiction under part II, were issued to a relatively limited number of persons. The transportation arranged by all brokers holding licenses under section 211 must be with properly authorized motor carriers. Most of the licenses were for authority to act as a broker in connection with the transportation of passengers by motor vehicle. The brokers have intimate contact with

the public. Their licenses authorize the conduct of operations at specific points, and usually they offer the public at these points all-expense tour services from and to areas for which a need has been proven. These services include meals, lodging, sightseeing, and other attractions, as well as the contemplated motor transportation. Examples of this type of broker can be found in *Graham Travel Co. Broker Application*, 76 M. C. C. 57, and in *Olympic Travel Service Broker Application*, 76 M. C. C. 127. In No. MC–12675, *Snodgrass Broker Application*, 76 M. C. C. 739, decided June 26, 1958, a person employed by a department store as a "personal shopper" who assembles groups of patrons and arranges for their transportation by motor vehicle in interstate commerce, was found not to be conducting any "brokerage" activity for which a license is necessary, because no compensation was received for arranging the transportation.

Brokers of transportation of property, though few in number, render a valuable service in some instances both to carriers and to shippers. A recent example of this type of broker can be found in No. MC–12654, *Levinson Broker Application*, 76 M. C. C. 370, decided May 15, 1958.

Volume and Disposition of Work

The following table indicates the condition of the docket with respect to applications for, or other actions on, operating rights.

Motor carrier	Year ended June 30—	
	1957	1958
Applications for permanent common-carrier certificates, contract carrier permits, brokers licenses:		
Received	3,164	3,474
Reopened	189	169
Hearings	2,659	2,772
Disposed of, including reopened proceedings:		
Withdrawn or dismissed without report	835	851
By effective recommended order	1,566	1,304
By report of the Commission or a division of the Commission	1,103	1,564
Applications granted in whole or in part	2,170	2,240
Applications denied or dismissed in report	499	628
Pending at end of year	1,928	1,852
Petitions disposed of	810	823
Applications for conversion and investigations under section 212 (c):		
Received or instituted		731
Reopened		0
Hearings		164
Disposed of, including reopened proceedings:		
Withdrawn or dismissed without report		146
By effective recommended order		9
By report of the Commission or a division of the Commission		0
Applications granted in whole or in part		1
Applications denied or dismissed in report		8
Pending at end of year		576
Applications for temporary authority under section 210a (a):		
Received	3,951	4,008
Disposed of	4,019	3,999
Granted in whole or in part	3,501	3,454
Denied	518	545
Pending at end of year	42	51
Petitions disposed of	183	228
Applications to file State certificates:		
Filed	571	543
Disposed of	585	542
Pending at end of year	32	33

Motor carrier	Year ended June 30— 1957	1958
Applications to deviate from regular routes:		
Filed	276	298
Disposed of	264	284
Pending at end of year	18	32
Proceedings to revoke operating rights without hearing:		
Instituted	471	747
Disposed of	470	607
Pending at end of year	24	164
Complaints, rulemaking, and revocation proceedings:		
Formal complaints filed, including subnumbers	33	42
Investigations instituted	35	54
Reopened	10	13
Hearings	54	78
Disposed of, including subnumbers and reopened proceedings:		
Dismissed or discontinued	13	19
By effective recommended order	9	23
By report of the Commission or a division of the Commission	35	37
Pending at end of year	87	117
Petitions disposed of	116	31

Water carrier	Year ended June 30— 1957	1958
Applications for permanent operating rights:		
Received	28	39
Reopened	20	1
Hearings	14	16
Granted in whole or in part	27	13
Dismissed or denied	16	29
Pending at end of period	33	34
Petitions disposed of	3	3
Applications for temporary authority:		
Received	23	35
Granted in whole or in part	18	22
Dismissed or denied	5	14
Pending at end of period	2	1

Freight forwarder	Year ended June 30— 1957	1958
Applications for operating rights:		
Received	6	8
Reopened	10	0
Hearings	5	3
Granted in whole or in part	1	2
Dismissed or denied	14	2
Pending at end of period	5	9
Petitions disposed of	1	3

Number of Motor Carriers and Brokers

The following statement shows the number of motor carriers and brokers whose operations are subject to regulation under part II of the act. Motor carriers operating exclusively under temporary authority under section 210 (a) are not included.

Motor carriers	As of June 30—	
	1957	1958
Property carriers		
Common—issued certificates under sections 206 or 207	12,464	12,277
Common—under State certificates filed under section 206 (a) (1)	2,724	2,811
Contract—issued permits under section 209	2,625	2,587
Total property carriers	17,813	17,675
Passenger carriers		
Common—issued certificates under sections 206 or 207	1,208	1,192
Common—under States certificates filed under section 206 (a) (1)	123	113
Contract—issued permits under section 209	19	9
Total passenger carriers	1,350	1,314
Total Motor Carriers	19,163	18,989
Brokers issued licenses under section 211:		
Property	80	77
Passenger	126	132
Total Brokers	206	209

Inventory of Motor Carrier Operating Rights

Further progress was made toward the development of a record system from which the names of motor carriers authorized to transport commodities of given kinds between given points or within given territories can be determined readily. Tests made of the portions thus far completed show clearly that the system will be of material assistance in the regulatory work of this Commission and its efforts to promote sound and adequate transportation. The system will also provide the means of meeting the frequently expressed requests of the public for such information.

The volume of new applications for operating authority during the year greatly exceeded expectations, however, thus extending the time required for coding certificates and permits and preparing punchcards for tabulation and analysis.

Railroads

The number of applications for permission to abandon lines of railroad again showed a marked increase. A total of 96 applications sought authority to abandon about 2,062 miles of railroad, compared with 74 such applications involving 1,190 miles of railroad in the year ended June 30, 1957.

There were 10 applications for authority to construct about 88 miles of track and 14 for authority to acquire or operate about 270 miles of railroad. The number filed in each of these categories showed an increase over last year.

Probably the most important of the abandonments authorized involved the New York, Ontario and Western Railway Company and

its wholly owned subsidiaries. As described in last year's report, reorganization of these railroads under section 77 of the Bankruptcy Act was found impracticable, and receivers of their properties were directed by court order to discontinue operations. Subsequently, the receivers were authorized by this Commission to abandon owned lines of railroad totaling 473.46 miles, and to abandon operation under trackage rights over 71.65 miles of lines of other carriers. Division 4 authorized purchase by the Erie Railroad Company of 4.85 miles of the abandoned lines in Orange County, N. Y., and by the New York Central Railroad Company of 12.2 miles of main line and 21.36 miles of incidental spur, industrial, team, switching and side tracks in Oswego, Oneida, and Madison Counties, N. Y. No other carrier has been interested in any remaining portions of these railroads.

Four short line railroads in Massachusetts, Missouri, Ohio, and Texas were authorized to abandon their entire lines of railroad, totaling 48.53 miles. The Missouri-Kansas-Texas Railroad Company was authorized to abandon 254.97 miles of main line railroad in Kansas, Missouri, Oklahoma, and Texas. The Missouri Pacific Railroad Company was authorized to abandon 142.790 miles of main line railroad in Louisiana, Texas, and Arkansas and has pending five applications to abandon approximately 200 miles of main line railroad in Kansas, Nebraska, Texas, and Louisiana.

During the year, six operating railroads filed a series of applications to provide additional rail service to the Lake Calumet Harbor Port, now served exclusively by the Pullman Division of the Chicago, Rock Island & Pacific Railroad Company. The proposed new service would be provided by construction of three separate segments of a single new line of railroad extending 1.431 miles from an existing connection of the Kensington & Eastern Railroad Company to a connection with tracks owned by the Chicago Regional Port District in the port area. Hearings on the applications have been held.

Division 4 approved construction and operation by the St. Marys Railroad Company of a line of railroad from the terminus of its present line at Kingsland, Ga., where it connects with the Seaboard Air Line Railroad Company, to a connection to be made with the Atlantic Coast Line Railroad Company, at Folkston, Ga., approximately 20.92 miles. The Seaboard Air Line opposed the application, while the Secretary of the Army, in behalf of the Department of Defense, and the Executive Director of the Military Traffic Management Agency of the United States supported it because the proposed line would establish an additional access route via the Atlantic Coast Line to the Army's ammunition terminal at Kings Bay. A petition for reconsideration has been filed.

Also disposed of were four vigorously contested applications relating to construction and operation at Spartanburg, S. C., of a connecting track, approximately 4,166 feet long, between the lines of the Clinchfield Railroad Company and the Charleston & Western Carolina Railway Company, and the construction and operation of approximately 1,230 feet of track by the Piedmont and Northern Railway Company.

Certificates issued, authorizations granted, and other pertinent data concerning proceedings on applications for construction, operation, and abandonment of lines of railroad are listed in appendix B. These proceedings are handled by the Bureau of Finance.

UNIFICATIONS, SECURITIES, AND REORGANIZATIONS

Activities directed to the expansion of motor-carrier systems and the integration of railroad operations through unifications have accelerated during the year. There was an increase in the number of applications involving motor carriers. There was no significant change in the number of applications involving railroads, but studies are being made in the industry looking toward unifications involving some of the largest carriers in the Nation. If presented for approval, they will involve issues of far-reaching importance to the public and the transportation industry.

The staff work connected with applications involving unifications, securities, and reorganizations is performed by our Bureau of Finance, which also handles proceedings involving construction, operation, and abandonment of lines of railroad. The latter activities are described in the chapter entitled "Operating Authorities."

Railroad Unifications

There were few important unifications of independently operated railroads presented for approval during the year, but there was a continuance of the trend toward corporate simplification and greater integration within existing railroad systems. During this reporting period 17 railroad companies were eliminated through merger or by purchase.

The Pennsylvania Railroad Company eliminated seven of its subsidiaries through mergers authorized by division 4. This division also authorized the merger of the Alabama & Vicksburg Railway Company, Inc., and the Vicksburg, Shreveport & Pacific Railroad Company into the Illinois Central Railroad Company which, through one of its subsidiary companies, controlled these two railroads through ownership of over 92 percent of their outstanding capital stock. The merger was approved subject to conditions related to the preservation of existing routes and channels of trade and for a continuation of

existing neutrality of handling traffic. A petition for reconsideration of division 4's decision is pending.

Acquisition by the Chicago and North Western Railway Company of control of the Litchfield and Madison Railway Company by purchase of capital stock, and merger of the latter into the former was also approved subject to conditions designed to maintain the existing competitive position of each of the affected carriers.

Division 4 authorized a group of individuals, headed by Murray M. Salzberg, and now in control of several shortline railroads, to acquire control of the St. Johnsbury & Lamoille County Railroad. It denied an application for similar authority filed by the Maine Central Railroad Company. Petitions for reconsideration are pending.

Division 4 also granted an application of the St. Louis-San Francisco Railway Company for authority to acquire control of the Central of Georgia Railway Company through ownership of a majority of its capital stock, and denied requests of the Illinois Central Railroad Company and the Seaboard Air Line Railroad Company to be included on an equal basis in such control. Petitions for reconsideration of that decision were made the subject of oral argument before the entire Commission, and a decision thereon is pending.

Petitions for reconsideration of the order mentioned in our prior report authorizing merger of the Nashville, Chattanooga & St. Louis Railway into the Louisville & Nashville Railroad Company were denied. The order was upheld by the United States Court for the Middle District of Tennessee, Nashville Division, and the Supreme Court denied certiorari. The merger has been consummated, but an action brought by certain minority stockholders of the liquidated company is pending in the United States District Court for the Southern District of New York. They seek an increase in the consideration allotted them for their shares. An order authorizing acquisition by the Union Pacific Railroad Company of control of the Spokane International Railroad Company also was affirmed by a three-judge court.

Present economic conditions in the railroad industry have given impetus to plans for consolidations and mergers. Late in 1957 the New York Central Railroad Company and the Pennsylvania Railroad Company announced that studies were being undertaken looking toward their merger. Indications are that a proposal to merge the Great Northern Railway Company, the Chicago, Burlington & Quincy Railroad Company, the Northern Pacific Railway Company, and the Spokane, Portland & Seattle Railway Company will be presented for Commission approval before the end of 1958. Plans also have been announced respecting a proposed merger of the Delaware & Hudson Railroad Corporation, the Delaware, Lackawanna & Western Railroad Company, and the Erie Railroad Company.

The procedure for imposing conditions to protect railway employees who may be adversely affected by transactions under section 5 (2) and abandonments of lines of railroad authorized under section 1 (18), as explained in our 1946 annual report, was followed during the year.

Motor Carrier Unifications

Applications for unifications and transfers involving motor carriers, including applications for approval of temporary operations or control, increased 6 percent over the previous year. Those filed under section 212 (b), which covers transfers of operating rights to a noncarrier, or between carriers operating less than 21 vehicles, increased from 1,006 to 1,053. Those filed under section 5 (involving more than 1 carrier or over 20 vehicles) decreased from 325 to 322. Applications for temporary authority under section 210a (b), filed in connection with the latter, increased from 115 to 163.

The number of authorizations under section 212 (b) increased by 5.5 percent over the previous year, and the ratio of such authorizations to the total authorizations under sections 5 and 212 (b) increased from 74 to 80 percent. Of 295 applications under section 5, which were acted upon, 244 were granted in whole or in part and 51 were denied or dismissed. Of 1,086 applications under section 212 (b) which were acted upon, 954 were approved and 132 were denied or dismissed. Applications filed under section 212 (b) but found to be subject to section 5, and others which were dismissed at applicants' request or for want of prosecution, totaled 86 and represented 8 percent of those decided under section 212 (b). Denials, totaling 69 for those under both sections, represented 4 percent of those acted upon under section 212 (b) and 8 percent of those acted upon under section 5.

Of the 100 largest motor carriers of property, based on 1957 revenues, 35 were involved in 50 unifications authorized under section 5 (2). Data concerning these authorizations are given in appendix B, pages 164 and 165. They constitute 4 percent of the total authorizations under sections 5 and 212 (b) during the year.

The 71st Annual Report commented on three unusually large expansion programs. Seven applications of Consolidated Freightways, Inc., which were pending at the time of the last report, have been granted. By such action, Consolidated has been authorized to merge the properties of its heavy-hauler subsidiary, Beardmore Transfer Line, Inc., operating in the States of Washington, Oregon, Idaho, and Montana; to acquire control of Sea-Van Express, Ltd., through a Canadian subsidiary, Canadian Freightways, Inc., bridging the gap between Consolidated's operations generally south and east of Seattle, and those of Freightways' in Canada, generally east of Vancouver; and to acquire control, through ownership of stock, and merge into itself into the properties of five carriers: (1) Model Truck & Storage

Co., which extended its operations between Seattle and the Canadian border; (2) Hunt Transfer Co., Inc., which expanded its household goods operations in 6 western States; (3) Fuller-Toponce Truck Company, which removed an impediment in its rights to serve eastern Idaho and Montana points; and added additional Utah points; (4) Clipper Transit Company, bridging a gap in its regular-route operations between Milwaukee and Chicago; and (5) Lamb Transportation Co., expanding its tank truck operations in Arizona, southern California, and Nevada. Hearings have been held and the examiner's reports and recommended orders have been served in 11 of Consolidated's other proceedings. Consolidated has filed applications for authority to acquire control of two additional carriers, and an investigation has been instituted concerning its purchase of the properties of another carrier.

Regarding the expansion program of Ryder System, Inc., which controls Great Southern Trucking Co., T. S. C. Motor Freight Lines, and Ryder Tank Line, Inc. (formerly Miller Motor Line of North Carolina, Inc.), the proceeding in which division 4 authorized acquisition by Ryder System of control of Emmott-Valley Transport Co. was reopened. Further hearing has been held, and the examiner's report and recommended order have been served therein as well as in other proceedings in which Ryder System seeks authority to control two additional carriers, and in which Great Southern seeks authority to purchase the properties of a carrier operating in Georgia. One of the applications of Great Southern, pending at the time of our last report, seeking control through merger of the Goldston Motor Express, Inc., thereby extending its operations northward into North Carolina and Virginia, was approved. Great Southern has filed an additional application to acquire control of and merge a carrier operating in Florida.

In McLean Trucking Co.—Investigation of Control, 70 M. C. C. 601, we found that the power to control or manage Pan-Atlantic Steamship Corporation in a common interest with McLean Trucking Co. had been terminated. The latter company has pending an application for authority to acquire control of Hayes Freight Lines, Inc., one of the larger midwestern carriers of property.

In *County of Marin* v. *United States*, 356 U. S. 412, decided May 19, 1958, involving our order in *Golden Gate Transit Lines—Pur.—Pacific Greyhound*, 65 M. C. C. 347, the Supreme Court held, contrary to our long-established view, that section 5 was not applicable to the acquisition by a carrier of control of a newly formed subsidiary to which it proposed to transfer certain of its operating rights, and that we could only assert jurisdiction over the transfer of the interstate rights to the subsidiary under section 212 (b). It is too soon to appraise the full effect of that decision, including

the extent to which it will encourage dismemberment of carriers into multiple subsidiary units.

In some cases we have reserved jurisdiction to protect the interests of employees of motor carriers involved in section 5 proceedings. In *Short Line, Inc.—Purchase—New England Transp. Co.*, 75 M. C. C. 33, decided February 10, 1958, modifying 70 M. C. C. 459, and *Baggett Transp. Co.—Purchase—Hunt Freight Lines, Inc.* 75 M. C. C. 147, decided April 9, 1958, modifying 70 M. C. C. 169, division 4 prescribed the protection deemed reasonable under the circumstances there presented. Petitions for reconsideration have been filed in the first-mentioned proceeding, and the time for filing petitions in the second proceeding has not expired. In *Safeway Trails, Inc.—Control and Merger*, 70 M. C. C. 573, division 4 reserved jurisdiction for 3 years to hear the complaints of employees of Quaker City Bus Co., but refused to set up a formula with respect to their seniority rights.

On April 21, 1958, the Select Committee on Small Business of the United States Senate, issued its report No. 1441 on Mergers and Concentration in the Trucking Industry, with minority views of Senators Schoeppel and Goldwater. The report contains six conclusions and recommendations, all of which are receiving careful consideration.

The following table indicates the condition of our docket with respect to proceedings involving motor carriers under section 5, 210a (b), and 212 (b):

	July 1, 1956, to June 30, 1957	July 1, 1957, to June 30, 1958
Finance applications and investigations under section 5:		
Received or instituted	325	322
Reopened	33	29
Hearings	134	206
Under submission at end of period	48	64
Applications disposed of, including reopened proceedings:		
By effective recommended order:		
Granted in whole or in part	134	41
Denied	12	4
By report of the Commission or a division of the Commission:		
Granted in whole or in part	189	203
Denied	37	19
Dismissed	32	28
Investigations terminated		11
Pending at end of period	248	293
Petitions disposed of	283	210
Temporary authority applications under section 210a (b):		
Received	115	163
Disposed of:		
Granted in whole or in part	81	115
Denied	32	46
Pending at end of period	11	13
Petitions disposed of	36	44
Applications for transfer or lease, of operating rights under section 212 (b):		
Received	1,006	1,053
Hearings	4	5
Disposed of:		
Granted in whole or in part	904	954
Denied } Dismissed	109	
Denied		46
Dismissed		86
Pending at end of period	146	113
Petitions disposed of	71	53

Water Carriers and Freight Forwarders

Unifications and transfers involving water carriers and freight forwarders approved during the year are shown in appendix B, at page 163.

Interlocking Officers and Directors

During the period covered by this report, 183 applications to hold the position of officer or director of two or more railroads were received. Disposition was made of 182 applications, of which 179 were granted and 3 were withdrawn.

Issuance of Securities and Assumption of Obligations

Unfavorable economic conditions and generally lower earnings by railroads during the year, with resulting reductions in capital expenditures, were reflected in a reduced number of requests for issuance of securities. During the year, authority was granted for the issuance of securities in principal and par amount totaling $370,908,300, and 1,821,872.5 shares of no-par-value common stock, compared with corresponding figures of $912,589,487 and 1,980,724 shares in the preceding year. Of the amounts authorized in the later year, $34,522,880 principal amount and 44,717 no-par-value shares were authorized to be issued by motor carriers. Securities were authorized for refunding maturing obligations, reimbursement of applicant's treasuries for capital expenditures, stock option plans, stock reclassifications and splitups, and various other purposes.

Three applications were approved under section 20a authorizing the substitution by railroads of $65,273,135, total principal amount, of income debentures for preferred stock and class A common stock, which substitutions were proposed primarily to effect savings in Federal income taxes, interest on the debentures being deductible in computing such taxes whereas dividends on stock are not. The Boston and Maine Railroad, the Gulf, Mobile and Ohio Railroad Company, and the Monon Railroad, respectively, were authorized to issue $28,461,510, $28,343,800, and $8,467,825, principal amount, of debentures for such purpose.

During the year, 7 railroads and 3 motor carriers were authorized to issue and sell 1,103,536 and 36,800 shares of common stock, respectively, to selected officers and key employees of applicants and their affiliated and subsidiary companies pursuant to stock option plans generally conforming to the requirements of section 421 of the Internal Revenue code of 1954.

In addition, authority was granted for the assumption of obligation and liability with respect to $246,203,490, total principal amount, of securities, of which $225,865,000 was with respect to railroad equip-

ment-trust certificates. The coupon rate on these certificates ranged from 3 to 6 percent, the selling price from 98.01 to 99.687 percent of principal and accrued interest, and the average annual cost of the proceeds to the applicants from 3.43 to 6.26 percent. There has been a downward trend in interest rates on equipment-trust certificates since January 1, 1958. The average effective rate of interest per annum on the various issues of such certificates for the first half of the fiscal year ended June 30, 1958, was approximately 4.72 percent and for the last half thereof was approximately 3.80 percent.

During the period covered by this report, 168 applications and 55 petitions involving securities were filed, and 178 applications and 55 petitions were disposed of.

Railroad Reorganizations

No petitions for reorganization of railroads under section 77 of the Bankruptcy Act were filed during the year.

In the proceedings for reorganization of the New Jersey and New York Railroad Company, a report and order was adopted on September 17, 1957, refusing to approve a plan of reorganization for the debtor, but without prejudice to continuation of the reorganization proceeding. It was found that there was insufficient evidence of record to permit a reliable valuation of the debtor's properties, and that before further proceedings are undertaken respecting a plan there should be an adjudication by the court respecting the validity and priority of certain claims against the debtor and its trustee.

Further hearings in the proceedings for reorganization of the Chicago Tunnel Company and Chicago Tunnel Terminal Company were adjourned indefinitely, pending revision of the plans of reorganization previously filed by the debtors or the filing of new plans which are prima facie practicable.

Division 4 approved a plan of reorganization for the Lackawanna and Wyoming Valley Railroad Company on December 6, 1957, and the plan was certified to the district court for its consideration. Under the plan, the reorganized company would be controlled, through ownership of its capital stock, by the Delaware, Lackawanna and Western Railroad Company, which owns more than 75 percent of the debtor's first-mortgage bonds.

The prospect for early consummation of a plan for reorganization of the Florida East Coast Railway Company appears greatly improved by reason of an agreement reached by parties in interest and evidenced by a stipulation. The stipulation was filed after service of an examiner's proposed report recommending (*a*) approval, with modifications, of the plan of reorganization proposed jointly by the St. Joe Paper Company and others for the internal reorganization of the debtor; (*b*) approval of acquisition of control by debtor by the St. Joe

Paper Company and testamentary trustees of the Alfred I. du Pont estate; and (*c*) denial of the application of the Atlantic Coast Line Railroad Company et al. for authority to purchase and acquire control of the debtor's properties.

On December 9, 1957, the United States Court of Appeals for the First Circuit affirmed the district court's decree of September 11, 1956, approving the modified plan of reorganization for the Boston and Providence Railroad Corporation which was approved by this Commission on January 5, 1954. The United States Supreme Court on April 29, 1958, denied a petition for certiorari filed by a group of stockholders of the debtor.

Nineteen petitions and applications pertaining to features of reorganization other than the formulation of plans were disposed of during the year, including those for ratification of the appointment of trustees, fixing of maximum limits of allowances for compensation of trustees and their counsel, and for reimbursement of expenses, including counsel fees, incurred by parties in interest.

To date, 64 proceedings have been instituted for reorganization under section 77 of the Bankruptcy Act, 37 reorganizations have been completed, and 18 proceedings have been discontinued without reorganization. In three other proceedings, mentioned in the last report, the debtor railroads have abandoned operations, but proceedings in the courts have not been finally dismissed.

Appendix C, page 166, contains a list of all railroads in reorganizations or receivership on the date of this report, and statistics of railroads in reorganization or receivership at the end of stated 5-year periods since 1895.

An examiner's proposed report was served in the proceeding for alteration or modification of the terms of the series A 7-percent preferred stock of the Missouri-Kansas-Texas Railroad Company under section 20b of the act. The report recommended approval of the applicant's plan, with certain amendments, and submission thereof to the preferred-stockholders for acceptance or rejection. Exceptions to the examiner's recommendations were filed by various parties, oral argument was heard by division 4, and a final report is in course of preparation.

SERVICE, FACILITIES, AND OPERATING EFFICIENCY

Carriers subject to this Commission's jurisdiction made greater efforts to improve their service to the public and to reduce their operating costs in the face of declining revenues and steadily stiffening competition.

There were some further advances in trailer-on-flatcar and trailership operations, although the increases apparently were not substantial

in terms of tonnage or the number of trailers so carried. Freight-car shortages, once perennially acute in peak loading periods, were so rare as to be virtually nonexistent. The general rule, instead, was one of surpluses in the availability of such equipment, largely because of the general economic recession.

Many carriers turned increasingly to electronic equipment as a means of improving their operating efficiency and reducing costs of operation. In spite of reduced earnings, the trend toward complete dieselization among the railroads moved ahead rapidly.

A wide variety of operational and technological improvements have been available to the railroads and have been proven to be successful in actual operations of certain carriers. Universal adoption of some, if not all of them, would substantially reduce costs in the long run while improving service and operating efficiency almost at once. However, with few exceptions, they would involve heavy capital expenditures. Many railroads at this time are not in a position to make the outlay required, especially considering their earnings during the last quarter of 1957, and the first half of 1958. Details as to the improvements being effected on some rail lines are discussed later in this chapter. Equipment and operating improvements effected or available to motor and water carriers also are discussed later herein.

Coordination of Service

RAIL—HIGHWAY OPERATIONS

The movement of highway trailers on rail flatcars (T. O. F. C. or piggy-back service), is still relatively new in terms of national scope and volume of traffic, although the practice was begun on a small-scale in the mid-1920's. Statistics adequate and reliable enough to reflect a trend have not yet been accumulated, but those that are available indicate moderate but continuing growth.

On June 30, 1958, 88 railroads, including 57 class I line-haul roads, were participating carriers in tariffs which provided for trailer-on-flatcar service. Trailers of motor common carriers could be handled under tariffs which had 18 railroads as participating carriers, compared with 10 railroads a year earlier.

During the 52 weeks ended June 28, 1958, 42 class I line-haul railroads originated 249,374 flatcars loaded with trailers, an average of 4,796 cars per week; the peak movement was 5,897 cars during the last week of the period. Four additional roads, for which data are not available, originated traffic of this type. The roads of the eastern district reported 126,509 cars, the Southern district, 8,645 cars, and the Western district, 114,220 cars. As stated in the last annual report, 207,783 cars with trailers were handled in the calendar year

1956. There were 249,065 flatcars reported so loaded by the class I line-haul railroads for calendar year 1957.

On June 30, 1958, there were 4,191 railroad and privately owned flatcars equipped to carry trailers, or 13 percent more than on June 30, 1957.

It is interesting to note that, although not large, these increases occurred during a recession period when tonnage transported generally showed a decline.

Class I railroads paid $36.0 million to others for transportation of freight in substitute highway motor service in 1957, or 3.5 percent less than in 1956, and $1.7 million for the transportation of persons, a decrease of 4.7 percent below the preceding year. Tons carried were 2,487,985, a decrease of 13.2 percent, and the average haul was 80 miles, an increase of 12.7 percent, compared with 1956.

One large railroad serving official and central territory commenced trailer-on-flatcar operations using equipment different from the type used by most of the other railroads. The trailer body is detachable from the highway wheels or "bogies" and is transferred to and from the rail equipment by the use of the highway vehicle, and a turntable attached to the flatcar. This equipment and other container-type equipment were demonstrated to Post Office Department officials who were studying the problem of expediting the mails.

Two midwestern railroads were reported to have been successful in recapturing perishable traffic with trailer-on-flatcar service.

Applications of railroads for rights to handle freight in substitute motor service continued at about the same rate as in the last few years. Some railroads sought relief from key point restrictions in their present authorities.

The 71st Annual Report referred to a controversy (I. and S. No. 6649, *Substitution of Rail Regular for Trailer-on-Flatcar Service*) over the question of whether railroads could substitute boxcar service for trailer-on-flatcar service. A decision was rendered in this proceeding by division 2, on January 22, 1958, 302 I. C. C. 725, approving such substitution to accommodate overflow trailer freight and portions of trailer shipments containing part lots for partial loading or unloading at intermediate stations, and to permit the use of rail boxcars for entire trailer shipments where a temporary shortage of trailer equipment or flatcars occurs.

The 71st Annual Report also referred to the reopened matter of whether a motor carrier with a circuitous route may use a more direct route by utilizing T. O. F. C. service (I. and S. No. M–3035, *Substituted Rail Service by Red Ball Transfer Co.*, 52 M. C. C. 75). In its report on further hearing, decided March 3, 1958, 303 I. C. C. 421, the

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Commission affirmed the prior decision that the proposed provisions for such substituted service were just and reasonable.

An arrangement whereby a railroad can transport livestock in motor vehicles of contract carriers at the option of the shipper between certain points on the line of the railroad in substitution for rail service was approved after investigation upon the Commission's own motion.

In order to meet the special physical strains on equipment encountered in piggy-back operations, one trailer manufacturer strengthened various features of its trailers beyond the requirements of ordinary highway service.

Joint truck-air service for household goods in containers for members of the Armed Forces was begun between the United States and Panama, with Miami the point of transfer. Some airlines also began interlining freight with a number of motor carriers.

In addition, the Commission has undertaken an investigation of piggy-back and trailership rates between points in the East and Texas.

TRAILERSHIP OPERATIONS

No figures are available to show the volume of traffic handled in trailership operations, but developments in this field indicated further growth.

One water carrier in the Atlantic-Gulf trade, which had begun a coordinated motor-water service by providing cargo decks on tankers, has converted cargo vessels to make them capable of handling more than 200 highway trailer bodies in the holds and on the decks. Each vessel is equipped with two gantry-type cranes for lifting trailer bodies on and off the vessels. No special dock facilities are required.

Another water carrier engaged primarily in transporting railway cars on its vessels between certain Atlantic and Gulf ports has also provided facilities for transporting freight in highway trailer boxes. One of the barge operators on the Gulf Intracoastal Waterway has engaged in transportation of loaded highway trailers in its service. It is expected that operation of container-type lift-on and lift-off vessels will be expanded because of the convenience and savings in cargo handling. Plans are underway for handling trailers on the decks of vessels operating on the Great Lakes. In addition, an established motor carrier extended its operations by inaugurating "fishyback" operations from the continental United States to Alaska.

Railroads

PROGRESS IN OPERATIONAL IMPROVEMENTS

Testimony by witnesses before congressional committees studying surface transportation emphasized the difficulty of providing adequate maintenance of railroad facilities in periods of reduced or nonexistent earnings and the even more difficult problem of finding capital for new and improved facilities, particularly permanent way items. Despite the recent depressed economic conditions, however, certain railroads budgeted substantial capital improvements.

Greater use has been made of leasing arrangements. One railroad recently acquired 200 new locomotives in this way, and other railroads have leased new roadway machines for mechanizing track maintenance work.

Although self-financed projects are generally the exception, one railroad was reported able to meet the payments on a centralized-traffic-control installation with proceeds from the sale of material salvaged in changing from double to single track.

Some railroads also were successful in obtaining worthwhile savings from improvements in facilities and procedures which involved little or no capital outlay. Examples of such projects are mentioned later in this section.

One of the most important—and most costly—capital improvements under today's conditions is the installation of automatic classification yards which are said to save 24 to 33 percent of switching costs. Several of these yards have been built within the last few years at a cost of $4 to $15 million each. Eight were completed in 1957 and at least 4 more were under construction or planned for 1958. In addition to speeding traffic, such yards return savings by reducing claims for damage to freight from impact during classification work. There are about 40 older hump classification yards without the latest automatic features. Some railroads are modernizing such yards by adding these features.

Reduction of grades and curves to increase train speed and reduce operating cost also ranked high on the agenda in some railroads' planning.

Labor costs incident to track maintenance are being reduced by new machines and methods, in some cases by as much as 10 to 22 percent per year. Mechanized "spot" tamping was reported to have reduced the number of employes required for such work by two-thirds. Any reduction in the cost of track maintenance through mechanization should lessen in some degree the temptation to defer maintenance as a means of conserving cash in periods of low earnings.

Various new signal and communication improvements also have reduced operating costs. A new electronic track circuit eliminates

the costly and troublesome insulated joint. An improved console type of centralized traffic control machine may make the older types obsolete, at least as far as the equipment in the dispatcher's office is concerned. Centralized traffic control has been installed on only about 15 percent of the railroads, but a continued increase in the number of such installations is expected because of their contribution to reduced maintenance costs and to expeditious service. Consolidation of interlocking plants on several railroads have produced annual savings of 55 to 71 percent on the investment.

One western road has replaced watchmen at 500 highway grade crossings with automatic signals and gates at a return of 59 percent on the investment. Some railroads have reduced operator cost 75 percent on their private telephone systems by installing intercity dialing equipment.

Railroads are constantly finding more ways to use the new electronic data-processing machines for accounting, car service, reservations, and train performance, among other things, as well as in the new automatic classification yards. One of the leading railroads in this field was able to send a preliminary annual report to stockholders 1 day after the close of the year. More importantly, electronic accounting machines enable railroad management personnel to have a better and quicker control of costs.

There has been a marked increase in the practice of trading used diesel locomotives to manufacturers in partial payment for new diesels of more modern design, mostly of the hood, general-purpose type.

The recent decline in traffic reduced locomotive requirements, permitting earlier completion of the dieselization of some railroads through retirement of their remaining steam locomotives. The reduced requirements also resulted for the first time in the storing of diesels by railroads already fully dieselized. About 1,000 diesels were stored in serviceable condition during the recession. Only about 500 steam locomotives, principally concentrated on a few large roads, remain in active service.

An eastern railroad has placed in service 30 new-type diesel line-haul locomotives which operate interchangeably as diesel-electric or as straight electric locomotives from a third rail.

The future adequacy of the freight-car fleet has been the subject of some uneasiness. Under traffic conditions prevailing during the year, there was a large surplus except in a few, generally local situations. Mainly because of deliveries of cars ordered in previous years, the total freight car fleet increased slightly. Deliveries of cars on these old orders are nearing completion, however, and new orders have been at a low level—running at a rate of less than 400 cars per month in the first part of 1958, while retirements were made at a rate of more than 5,500 per month. The trend in orders and retirements,

if continued, will in time reduce the freight-car fleet substantially and dangerously. Furthermore, the increase in the number of unserviceable cars in recent months has been abnormally high. A rapid increase in business could result in an acute car shortage, with results detrimental to the railroad industry as well as to the general economy.

Building or conversion of cars to meet shippers' specialized needs continued. The work included provision of gondola cars with movable bulkheads, lading supports, and retaining devices. One road by modifying 250 boxcars for handling packaged palletized tinplate was able to stop loss of this business to trucks. Another road developed a new type of hydraulic cushion underframe to reduce damage from impacts. Two other types of cushion underframes were already in use. Cars are being upgraded by use of plywood lining with one-third the labor and at one-half the cost formerly expended. Cloth and sprayed plastic coating also have been used by 25 railroads on over 8,000 cars to upgrade interiors at considerable saving.

The "hotbox" problem, despite increasing use of improved attachments and methods, grew worse. While the use of roller bearings in equipment is growing rapidly, less than 2 percent of railroad-owned cars are so equipped. Two types of sealed sleeve-type bearings are on the market and might become effective competitors of the roller bearing. Many improvements in the plain bearing have had encouraging results. One device achieved 3,000,000 miles per hotbox on one railroad, or double the average mileage per hotbox of cars with standard, waste-packed bearings on that railroad.

The use of aluminum for boxcar roofs and doors has been increasing.

A disc-type brake for freight cars had made 1,000,000 miles in test revenue service. The test indicated that, by eliminating all braking contact with the wheels, the brake would extend wheel life and would eliminate accidents caused by wheels overheated by brake action. Another improvement uses conventional brake rigging but is a nonmetallic brake shoe which appears to have many advantages.

In passenger service, most of the ultra-light-weight, low-level, noninterchangeable trains have now been taken out of service or downgraded from the type of service in which originally used. The inability to add conventional cars in times of heavy traffic appeared to be their greatest drawback. Further, the ride was somewhat more "Spartan" than with modern conventional equipment and maintenance of the nonstandard parts was a problem. On the other hand, the light-weight, full-length car with standard couplers appeared to have greater possibilities. The first six-car train of this type, equipped for electric multiple-unit operation, was placed in commuter service.

The modern multiple-unit rail diesel car continued to find useful application throughout the country. One eastern road was close to

the point of operating nearly all of its extensive passenger service (through, local, and commuter) with these cars. The only exceptions were a few long and heavy trains, usually peak-hour commuter trains or those with off-line pullmans or head-end cars. One international through service was in operation with such cars, the Canadian road providing the rail diesel cars on alternate trips.

The large-capacity room-type coach sleeper has been very successful. These cars are now in use on 1 eastern and 1 western road. They have been operating at 92 percent occupancy, with 80 percent the break-even point.

Two western roads have admitted holders of coach tickets to regular pullman sleeping cars, one road on certain cars in certain trains and the other to all pullman cars in all trains. The former road also sharply increased its passenger business by improving service and reducing fares and dining car prices substantially.

There was discussion of a transcontinental train which would use existing equipment and have a high overall speed because of few stops. Proponents of the plan indicated that labor concessions would be necessary to permit low fares.

One western road purchased two gallery-type double-deck trains for through passenger service—the first application to such service of the gallery-type car now used only in commuter service.

The same road proposes to inaugurate so-called "push-pull" service on commuter trains to save terminal switching. In one direction, the train is operated in the usual way from the locomotive at the front of the train, and in the opposite direction the locomotive pushes the train, with control from a cab in the front of the first car.

A few examples of improvements made by some railroads with little or no capital outlay are given below:

1. Several roads established 5-day freight service from Midwest gateways to the Pacific coast, and plans were underway to expedite eastbound service.

2. Five railroads were selling surplus passenger stations, retaining a relatively small space for their use at reduced cost.

3. The cost of a welded joint in relaying rail was brought down close to the cost of a bolted joint. This means that the advantages of welded track (ribbonrail) can be obtained at little or no additional capital outlay. An estimated 27 percent of track maintenance cost is due to the joints, and much or all of it might be saved by use of ribbonrail. Although more than 45 railroads were successfully using welded track, some large carriers had not yet adopted it.

4. Methods were found to clean the oil film from main-line track rails in service, thereby improving adhesion and hence the tonnage rating of locomotives, especially on heavy grades. The treatment, which costs very little to apply, was reported, in one case, to have

increased tons per train by 16.4 percent. It is known to be used by only two railroads.

5. One railroad for 5 years has had a test section of main track where an asphalt coating had been sprayed over the ties and ballast. Man-hours of maintenance labor so far on this section were reported to be 50 percent less than on uncoated track.

6. An Association of American Railroads committee found that $18,000,000 could be saved by the railroads if a reasonable degree of standardization could be brought about in such items as center sills and other freight-car parts, rail sections, rail joints, and fastenings. The differences between the various designs often are slight but very costly in the manufacturing process.

Several carriers announced plans for consolidation of services in certain areas as a means of promoting efficiency and reduce duplication of services and costs. Two large eastern lines were exploring the possibility of consolidating many facilities, while several other carriers progressed their plans for mergers or consolidation well beyond the preliminary stage.

GENERAL CONDITIONS AFFECTING SERVICE

All forms of transportation were affected by adverse weather conditions which brought on floods, washouts, heavy snow and ice, but none of these conditions was exceptionally serious except along the waterways in the North Central States. During the winter, water carriers operating on the Mississippi River above Cairo, Ill., on the Illinois Waterway, and on the Ohio River suffered from unusually severe ice conditions which delayed traffic and caused some damage to carrier equipment. Opening of the 1958 navigation season on the Great Lakes and the New York State canal system also was delayed somewhat because of ice.

The decline in business affected carrier service to the extent that most rail carriers found it financially difficult to continue service, maintenance, and new equipment buying at the levels of better years. In several metropolitan areas, the problem of deficit operation of commuter service was becoming critical, and some railroads took steps to free themselves of the heavy drain on revenues from other traffic by attempting to discontinue certain services, to increase commutation fares, to obtain direct aid in the form of local or State subsidies, or to get local relief from taxes on the facilities used for commuter service. The inevitable alternative to these or other remedies appeared to be further discontinuances of commuter and other passenger services.

As discussed in detail later herein, service interruptions resulting from labor disputes were substantially less extensive than in previous years.

CAR SUPPLY AND CAR SERVICE ACTIVITIES

As noted earlier, the problem of car shortages was largely, if only temporarily, solved by the decline in business. Spot shortages threatened to develop several times during the year, however, in various parts of the country at harvest or other seasonal peak loading periods, and as to certain types of freight-carrying equipment. Personnel of the Section of Car Service, Bureau of Safety and Service, and particularly the field agents, were able to help the carriers and shippers work out the shortage problems as they began developing in each instance. As a result, there were few cases of any major delay in the provision of an adequate supply of cars of the specialized types required.

The section gave priority attention to car supplies necessary for the expeditious movement of seasonal commodities. Its personnel both in Washington and in the field were called on frequently to assist in the return of empty refrigerator cars to the principal loading districts for perishable products in widely scattered sections of the country. They also were active in returning box cars to the owners' lines for upgrading in advance of the heavy grain harvest, and they assisted in moving stock cars to shipping points so as to prevent any shortages and consequent losses to the cattle industry.

The winter wheat harvest of 1958, produced a yield approximately 36 percent greater than last year. To absorb the initial impact of the new harvest, the granger roads had more than 15,000 grain cars stored in the heavy harvest area prior to the first loadings. Inclement weather retarded maturity and harvesting of the crop, and some abnormal delay to cars resulted. Agents checked closely on cars in storage, and when cars were needed elsewhere, they prevailed on the holding carriers to turn them over to deficient lines to protect current loading.

Movement of old grain in advance of the new harvest presented many additional problems. Old grain frequently had to move long distances from terminal and subterminal storage to export points, and the long hauls created a serious dislocation of boxcars, threatening the supply at the peak of the new harvest. Field agents contacted shippers, consignees, grain inspectors, and carrier officials to help speed car handling, and turnaround time on grain cars was substantially reduced.

The fall range movements of livestock from the Southwest and the Northwest occurred simultaneously, creating a difficult situation in the supply of available stock cars. Some agents were stationed at principal loading areas to assist in prompt handling of stock cars and to insure an equitable distribution of the available supply. Others concentrated their attention on car handling at heavy unloading areas

and assisted in the expeditious return of empty cars to loading points where they were badly needed. At the important livestock gateways, agents also were active in helping to prevent undue delay of movements through yards and terminals.

Automobile boxcars were in surplus supply at all times. On the recommendation of field agents, several carriers removed unneeded cars from automobile service and offered them for general-purpose loading. These additional cars helped to prevent car shortages in several instances.

Covered hopper cars continued to gain popularity for the handling of various bulk commodities. Several complaints of discrimination in assigning such cars were investigated and concluded satisfactorily.

Field agents conducted 13,706 inspections of railroad yards and agencies. They submitted 15,287 reports, outlining the results of their findings in checking railroads and industries. They also conducted 27,501 interviews with railroad officials and 3,644 with industrial officials.

The staff continued to police the regulations governing transportation of explosives and other dangerous articles. These field checks were nationwide in scope and embraced railroad practices in connection with handling of such articles, as well as compliance with the regulations by shippers.

Several studies were made by the field force in connection with car service matters. One of them involved the handling of freight car equipment by the Brooklyn Terminal Railroads, studied in connection with Ex Parte No. 201, and exhibits.

Another study concerned circuitous routing and willful delay to lumber shipments. Agents in various parts of the country followed and recorded routings and delays in the movement of lumber. The possible use of improper dunnage claims by shippers as well as carriers, motivated by increasing dunnage allowances on shipments in boxcars from 500 to 2,000 pounds, was investigated.

Alleged circumventing of tariff rules by shippers who were forwarding certain grains under domestic billing to export areas and, after usurping domestic tariff privileges, were diverting the grains to export consignment, were looked into by several agents at various ports, and the matter is still under study.

Investigation, findings and analysis of causes in tank-car explosions resulting in personal injuries and heavy loss of property also were participated in by the field force.

The agents also make a continuing effort to insure application of demurrage rules and regulations so as to prevent discriminatory acts against shippers by the carriers.

Special car orders of the Association of American Railroads covering the handling of certain ownerships of hoppers and gondolas

were in effect at the start of the year. Modifications of the orders were made as business fluctuated, and the field force checked throughout the country to insure compliance with them. As a result cars were handled satisfactorily, and no extreme shortages continued very long except as to long-type gondolas, for which there was a continuing heavy demand.

The accompanying chart shows reported average daily surpluses and shortages of boxcars and other freight cars by months for the calendar years 1953–57, and the first 6 months of 1958.

CAR-SERVICE ORDERS

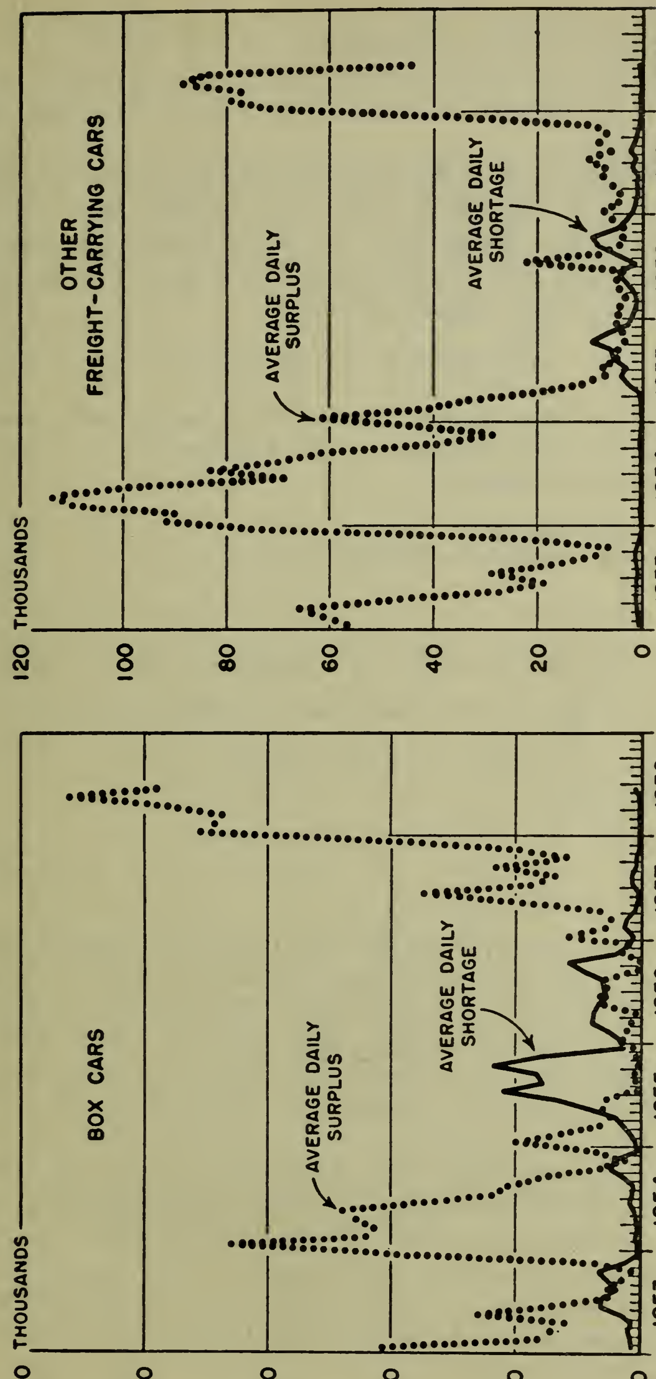
Service orders issued during the year were intended primarily to authorize use of certain terminals and trackage because of cessation of service or abandonment by certain railroads of various branch lines, and to permit rerouting of traffic because of unfavorable weather conditions or work stoppages.

At the beginning of the year there remained in effect Service Orders Nos. 916, 917, and 918, which were issued March 29, and became effective March 30, 1957. They authorized joint use of certain New York, Ontario and Western Railroad Company terminals by The New York Central Railroad Company, The Delaware, Lackawanna and Western Railroad Company, and the Erie Railroad Company. Service Order No. 919, issued May 31, and effective June 1, 1957, authorized joint use of certain New York, Ontario and Western Railroad terminals by The Delaware and Hudson Railroad Corporation. The orders were issued to provide service at points formerly served by the defunct New York, Ontario and Western Railroad Company. All of the above orders were scheduled to expire September 30, 1957, but the expiration date was extended first to March 31, 1958, and later to September 30, 1958, except as to Service Order No. 916 which was allowed to expire on March 31, 1958. This order covered use of certain New York, Ontario and Western Railroad Company terminals by The Delaware, Lackawanna and Western Railroad Company. By that time, the terminals had been acquired by the latter railroad.

Service Orders Nos. 920, 921, 922, and 923 authorized the Missouri Pacific Railroad Company, The Chicago, Rock Island and Pacific Railroad Company, the Union Pacific Railroad Company, and the Atchison, Topeka and Santa Fe Railroad Company, respectively, to operate over certain trackage in Kansas formerly served by the Missouri-Kansas-Texas Railway Company. The orders were issued November 12, 1957, and became effective on the same day. All carried an expiration date of June 30, 1958.

Service Order No. 924, issued June 13, and effective June 14, 1958, authorized The Baltimore and Ohio Railroad Company to operate

AVERAGE DAILY SURPLUS AND SHORTAGE OF BOX CARS AND OTHER FREIGHT-CARRYING CARS, CLASS I LINE-HAUL RAILROADS, BY MONTH, 1953-1958



Source: Association of American Railroads, Car Service Division, Statements CS-44A and CS-44B

over certain trackage in Baltimore formerly served by the Maryland and Pennsylvania Railroad Company.

Amendment No. 6 to Fifth Revised Service Order No. 95 reappointed D. W. Benton as refrigerator car agent for 1 year, effective June 30, 1958.

Amendment No. 10 to Revised Service Order No. 562 extended the appointment of Charles W. Taylor as rerouting agent for 1 year. The order became effective May 25, 1958, and under its authority 5 rerouting orders and 11 amendments were issued because of snowstorms, floods, work stoppages, et cetera.

CAR OWNERSHIP AND CONDITION OF CARS

On June 30, 1958, there were 2,136,896 freight-carrying cars in the United States. Data compiled by the Association of American Railroads as of that date follow:

Class I railroad ownership	1,747,308
Class I railroad controlled refrigerator cars	76,411
Total	1,823,719

To the A. A. R. figures should be added the following ownerships:

Private car owners (exclusive of railroad controlled refrigerator cars)	276,754
Class II, and all switching and terminal railroads	32,699
Electric railroads	3,724
Total	313,177
Grand total, freight-carrying cars in U. S	2,136,896

Serviceable car ownership of class I line-haul railroads and their controlled refrigerator lines was 1,686,934 on June 30, 1958, compared with 1,728,459 on June 30, 1957. This is the lowest serviceable freight car ownership reported since March 1, 1955. The carriers ordered 17,380 new freight cars of all types as compared with 56,446 the previous year and as compared to 157,759 placed during the year ended June 30, 1956.

Class I railroads owned 731,288 boxcars on June 30, 1958, compared with 736,811 on February 1, 1958, which is the highest reported boxcar ownership since 1946. During the year class I railroads installed 20,291 boxcars but retired 21,076. They ordered 4,418 new boxcars as compared with 9,872 in the previous year and 61,503 in the fiscal year 1956. As of June 30, 1958, 9,579 boxcars were on order and undelivered.

There were 46,325 unserviceable boxcars reported on June 30, 1958, or 6.3 percent of the total owned, compared with 31,581 or 4.3 percent of ownership on the same date in 1957, and 27,735 or 3.8 percent of ownership on June 30, 1956. No net boxcar shortages were reported during the year.

Serviceable boxcar ownership was reported as 684,963 cars on June 30, 1958, or 15,529 less than on the same date in 1957.

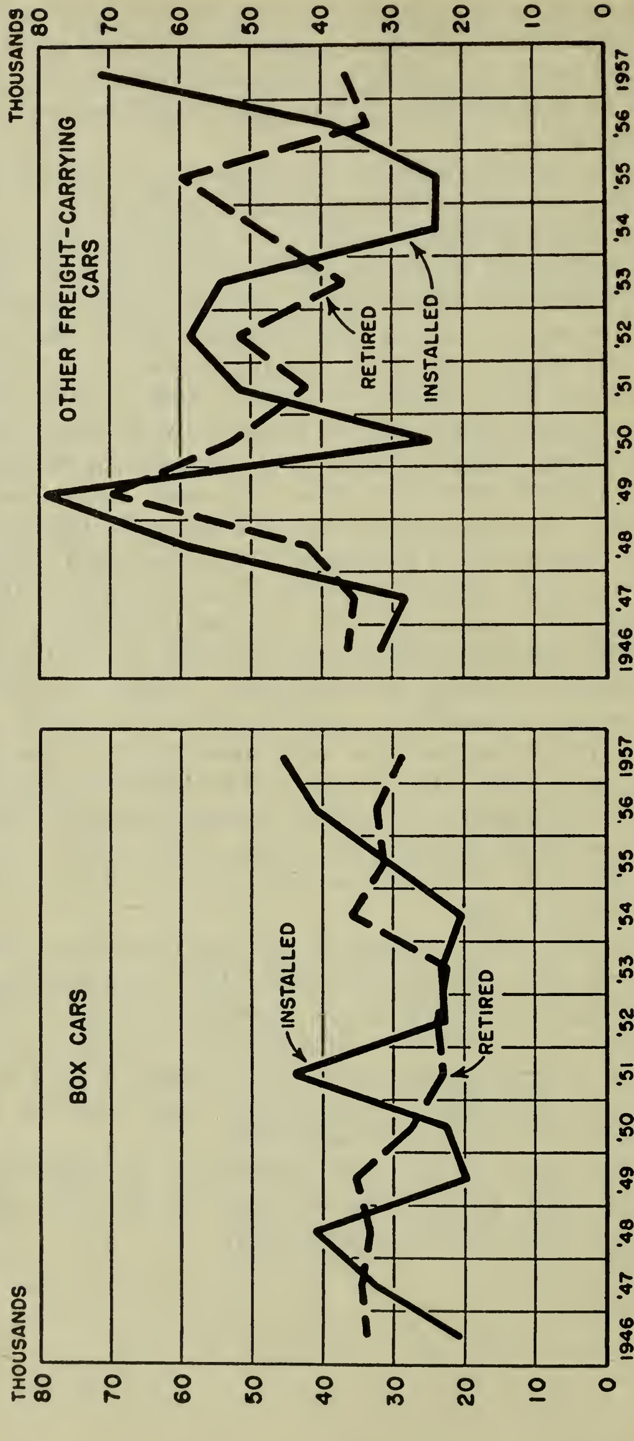
Class I ownership of gondola cars was 282,730 on June 30, 1958. Installations exceeded retirements, and at the close of the reporting period a net increase of 5,213 gondola cars was recorded, representing the highest reported ownership since September 1955. The number of unserviceable gondola cars progressively increased to a point where 30,185 such cars were reported on June 30, 1958, or 10.7 percent of ownership. Orders for 4,893 new gondolas were placed compared with 9,445 during the previous year and 14,582 during the fiscal year 1956. On June 30, 1958, there were 3,179 such cars on order and undelivered. Net shortages were reported during the first half of the year with a high net daily shortage of 481 on August 31, 1957.

During the year class I ownership of hopper cars (other than covered hoppers) increased by 6,919 to a total of 524,909. Hopper-car ownership increased progressively to 527,898 on April 1, 1958, the highest reported ownership since May 1955. Orders were placed for 2,491 new cars, compared with orders for 19,137 during the previous year and 45,727 during the year ended June 30, 1956. On June 30, 1958, there were 8,902 cars on order and undelivered. The number of unserviceable hopper cars reported increased progressively to 46,-518 or 8.9 percent of ownership on June 30, 1958. Net shortages were reported during the first 4 months with a high net daily shortage of 1,805 on August 31, 1957.

Between July 1, 1957, and June 30, 1958, the railroads and railroad-controlled car line companies installed 3,031 new refrigerator cars and retired 5,952. Ownership was reported as 96,511 on June 30, 1958, compared with 99,432 on June 30, 1957. Refrigerator cars on order as of June 30, 1958, totaled 1,267 compared with 3,318 the previous year. Unserviceable refrigerator cars amounted to 6,634 or 6.9 percent of ownership on June 30, 1958.

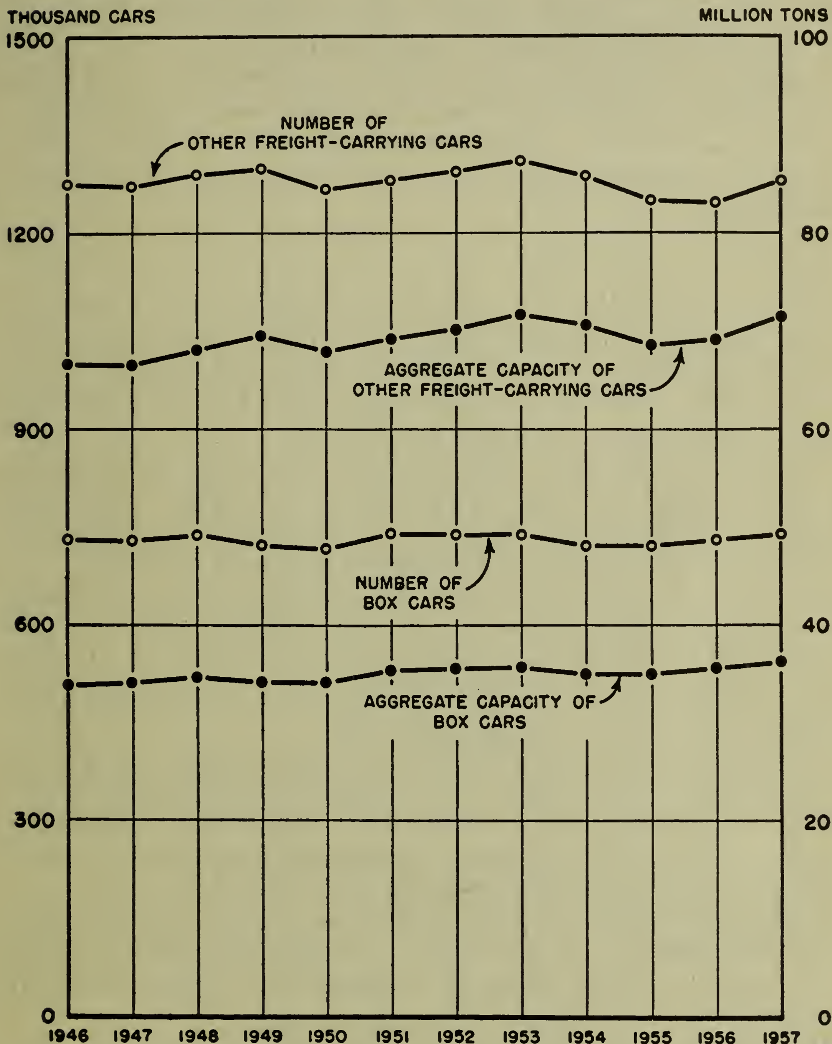
The accompanying charts show installations and retirements of boxcars and other freight cars and their number and aggregate capacity for the calendar years 1946 to 1957.

INSTALLATIONS AND RETIREMENTS OF BOX CARS AND OTHER FREIGHT-CARRYING CARS, CLASS I LINE-HAUL RAILROADS, 1946-1957



Source: I.C.C., Bureau of Transport Economics and Statistics, Transport Statistics in the United States

NUMBER AND AGGREGATE CAPACITY OF BOX CARS AND OTHER FREIGHT-CARRYING CARS, CLASS I LINE-HAUL RAILROADS PLUS PRIVATE CAR LINES, ON OR ABOUT DEC. 31, 1946-1957



Source: I.C.C., Bureau of Transport Economics and Statistics, Transport Statistics in the United States

UTILIZATION OF FREIGHT CAR EQUIPMENT

Although total tons originated showed a decrease, data on utilization of class I railroad freight-carrying equipment in the calendar year 1957 showed average tons per carload of 43.78, which established a new high. The previous record was 43.13 tons per car in 1956. The 1957 average was an increase of 0.65 ton per car over 1956, 1.36 tons per car over 1955, and 2.37 tons per car over 1954.

Increases in average tons per carload originated were reported for all commodity classifications except forwarder traffic, and manufactures and miscellaneous. The average in the latter commodity classification was reported as the same as the 1956 average which was an alltime high.

Decreases of 2,300,582 cars and 66,052,747 tons below 1956 were reported.

Benefits achieved by better utilization of equipment are indicated by the fact that to transport the same tonnage originated in 1957 at the 1956 loading average, 470,520 additional loaded car movements would have been required, and at the 1955 average 1,011,711 additional loaded car movements would have been required.

Products of agriculture were loaded at an average of 37.19 tons per car compared with 36.49 in 1956 and 35.91 in 1955. Carloads of originated freight in this commodity group decreased 2.22 percent, and tons originated decreased 0.34 percent compared with 1956.

Animals and products averaged 15.07 tons per carload originated compared with 14.75 tons per car in 1956. Carload freight in this commodity has decreased progressively since World War II. During 1957, carloads originated decreased 17.91 percent and tons originated decreased 16.09 percent compared with 1956.

Products of mines were loaded at an average of 60.07 tons per car compared with 59.34 in 1956. This average is an alltime high for any commodity grouping, and is 0.69 ton above the previous alltime high in 1955. A decline of 4.53 percent in carloads and 3.37 percent in tons originated in this commodity grouping was recorded.

Products of forests averaged 37.45 tons per carload originated compared with 36.60 tons per car in 1956. Carloads originated decreased 13.75 percent and tons originated decreased 1.48 percent compared with 1956.

Manufactures and miscellaneous commodities averaged 32.18 tons per car compared with 32.20 tons per car in 1956. Compared with 1956, carloads originated decreased 6.39 percent, and tons originated decreased 6.48 percent.

Freight-forwarder traffic averaged 10.27 tons per carload originated in 1957 compared with 10.69 tons per car in 1956. The number of carloads originated decreased 5.5 percent, and tons originated de-

creased 9.32 percent. Freight-forwarder traffic has progressively declined in the average carload tonnage for a number of years.

Net ton-miles per train-mile in 1957 were 1,439 compared with 1,422 in 1956, and net ton-miles per loaded car-mile were 33.4 compared with 33.0 in 1956.

Despite improvements in motive power, yard, and road facilities, turnaround time on freight cars in 1957 increased slightly over the 1956 average principally because of depressed loadings and an excessive number of cars sitting idle during a good portion of the year.

Motor Carriers

Transportation service offered to the public by motor carriers increased further during the year, in spite of the general decline in business.

The number of applications for permanent rights to operate increased as noted in the chapter, Operating Authorities. In addition, the field staff of the Bureau of Motor Carriers investigated 3,814 applications for temporary operating authority, compared with 3,675 such applications in the previous year.

There also was an increase in the number of informal complaints filed by passengers, shippers and receivers of freight, motor carriers, and others, alleging unsatisfactory service or unlawful practices by motor carriers. Such complaints totaled 15,583, compared with 13,276 in the previous year. The field staff disposed of 8,907 of these complaints by correspondence or telephone, compared with 8,702 so disposed of in the previous year. Field investigations were made in 6,207 cases, compared with 4,574 in the previous year, and 5,175 of them were disposed of by administrative handling, compared with 4,060 in the previous year. Evidence was obtained with a view to enforcement action in the courts or in formal proceedings before the Commission in the remaining 1,032 cases, compared with 514 in the previous year.

The field staff also investigated 2,852 instances of failure of authorized carriers to provide required insurance, compared with 2,712 such cases in the previous year, and 961 applications to transfer operating authority, compared with 1,069 in the previous year.

MOTOR CARRIERS OF PROPERTY

Technological advances in motor transportation equipment and facilities continued during the year. One carrier placed in service a number of foreign made "scooter vans" for use in local pickup and delivery service. These vehicles have an 80 degree turn radius and 48 cubic feet of carrying space, in which they can transport a 770-pound load efficiently through heavy traffic. Insurance and license

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costs are comparatively low for these vehicles, and they have proved to be quite adaptable to congested areas in large cities.

With amendment of the laws of a number of States to increase the maximum overall length of motor-vehicle combinations, trailer manufacturers are now producing vehicles of greater length, resulting in additional cargo capacity. Another trend is toward the production of so-called "high-cube" trailers, which are constructed so as to provide maximum cargo capacity by the raising of the roof, the lowering of the floor, and the widening of the vehicle to the extent permitted by the more liberal State laws. Many trailers are being manufactured of aluminum to reduce the weight of the vehicle itself and permit increased payloads without violating the weight laws. A number of carriers in the West are operating a new type of so-called "double bottom" or "train" vehicle combination which consists of a tractor and two 25-foot semitrailers in combination. The trailers are interchangeable in the "train", which permits direct delivery at destination rather than multiple handling of freight from trailer to dock to delivery truck. The relatively short trailers make direct delivery feasible in congested areas. Considerable progress has been made by manufacturers of refrigeration units for trailers with respect to the rated capacity in B.t.u. per hour and the adaptability to specific types of trailers. Manufacturers of trailers and refrigeration units are now attempting to correlate their designs in order that maximum cooling efficiency can be obtained. There has been a substantial increase in the use of refrigerated equipment because of a growing volume of frozen-food movements.

Manufacturers are using an increasing amount of stainless steel and aluminum in the production of tank-type semitrailers and full trailers. Stainless steel tanks have the advantage of less corrosion or rust from certain chemicals and petroleum products, and can be cleaned more easily to avoid contamination of the next load. Aluminum tank trailers also weigh less than steel trailers and therefore can transport a greater payload.

A new type of collapsible plastic or rubberized container is being used by some carriers to transport such liquid products as molasses, soybean oil, latex, et cetera. The container is inflated with the liquid to be transported and is placed in van-type trailers. After delivery, the collapsible container is stored on the floor of the trailer, and dry freight is transported by the carrier on return movements.

A van-type trailer is now being produced with a removable top which slides forward to permit crane loading. After being loaded the top slides back and is made dust and water tight by pumping air into a vinyl seal. Another new trailer features wheels suitable for both highway and rail travel, and is known as a "rail-van."

Several truck and engine manufacturers are now devoting considerable research to development of gas turbine engines for possible use in propelling trucks of the future. These engines have not been adopted for general use to date because of fuel and maintenance costs required to keep them in operation. It should be noted, however, that a gas turbine engine is much smaller in weight and size and much simpler in design than a gasoline or diesel engine, but can produce an equal amount of horsepower. If the problems relative to fuel and maintenance costs of the gas turbine engine can be overcome, such an engine may well be practical and economical for trucks.

A number of new developments have taken place in motor transportation with respect to over-the-road and terminal operations and facilities, as well as traffic trends. Two-way radios in pickup and delivery trucks are now employed by many carriers, especially in the larger cities to facilitate city dispatching. As the result of allocation of a number of new radio frequencies to motor carriers by the Federal Communications Commission, such carriers now have available so-called "private-line" two-way radio systems for use in their pickup and delivery operations. This system eliminates the necessity of several carriers in the same city operating on the same frequency, which often resulted in confusion and improper dispatching instructions to drivers. Improved generating systems for radios in trucks have contributed to the increased use of these facilities.

Many of the new motor-carrier terminals are being built in suburban or fringe areas of large cities in order to have sufficient space for the needed facilities and particularly ample parking space for tractors and trailers. The docks of the new terminals are designed for two-sided or over-the-dock loading, and are often equipped with conveyor belts, overhead cranes, forklift trucks and other facilities designed to increase the efficiency of operations.

Among other new or improved methods and devices being utilized by motor carriers in their terminal operations are central dispatch, electronic equipment for preparing freight bills, accounts receivables, payroll records, et cetera, and pneumatic tubes. One large carrier is using an electronic data-processing machine to furnish statistical information in connection with its operation.

The trend in bulk transportation by tank vehicle carriers is to the movement of flour, liquid cement, fertilizer solutions, chemicals, citrus juices, liquid latex, paint, and many other products of that nature. Although revenues of general commodity carriers were down generally in the past year, tank-truck carriers experienced little or no loss in revenue during this period. The indicated trend toward bulk shipping by manufacturers of many commodities not previously transported in tank vehicles is probably responsible in large measure for the lack of a decline in traffic handled by these carriers.

The new national highway construction program is now well under way, and it is believed the trucking industry will benefit substantially from the new roads through reduced running time and improved safety conditions.

Progress is being made by representatives of the motor transportation industry, with the aid of the American Standards Association, in the field of so-called "containerization," or standardization of containers used by shippers who tender their products for shipment to motor carriers, as well as rail carriers.

MOTOR CARRIERS OF PASSENGERS

Passenger traffic of intercity carriers continued to decline, mainly as a result of increased use of private automobiles, and motor carriers of passengers have resorted to various means in an effort to attract additional traffic. New equipment and facilities which provide additional passenger comfort are being offered, particularly by the large carriers. New types of buses placed in service are equipped with air suspension, two-level construction for improved passenger observation, larger windows with tinted glass, air conditioning, improved restrooms, and food and beverage service.

A so-called luxury service over the new Kansas Turnpike features many of the conveniences mentioned above as well as a fast nonstop schedule and a hostess to serve the passengers. Another carrier operates an express bus service between New York City and Chicago featuring shorter running time. The entire trip moves over turnpikes, except for stops at several large cities. Similar service is available between other large cities.

Tours were offered featuring overnight stops en route to permit passengers to sleep in hotels or motels. Since many passenger carriers have suffered severe losses in revenue on their regular-route operations, they have sought to interest the public in guided tours and other group transportation which would have advantages over travel by private car.

Passenger carriers continued to expand their operations in the movement of package express. The revenue received by class I passenger carriers from package express service in 1957 amounted to $21,300,000, compared with $17,700,000 in 1956. Mail transported by such class I carriers for the Post Office Department increased substantially in 1957 over the previous year. Increased activity in these services enabled many carriers to replace revenue losses from decreased passenger traffic. Several buslines are participating in the movement of air express with several airlines and freight forwarders.

Water Carriers and Freight Forwarders

Service provided by water carriers and freight forwarders generally was adequate. Only a few informal complaints about intercoastal service were received from or on behalf of shippers who experienced difficulty in obtaining vessel space. Such complaints were handled by the Washington and field staffs of the Bureau of Water Carriers and Freight Forwarders. No formal complaints were received as to service provided.

Near the close of the year one of the few water carriers still engaged in transportation of general commodities in the intercoastal trade suspended service between Atlantic and Pacific coast ports indefinitely. Its operations were confined to service between Atlantic and Gulf ports, where, in addition to transportation of liquid petroleum products in bulk, it engaged in a lift-on-lift-off container ship operation. Another intercoastal carrier, which has not operated for several years but which was contemplating resumption of service with a fleet of roll-on-roll-off vessels, deferred plans for construction of such vessels.

Thus far, the intercoastal trade has been unable to regain its prewar strength because economic conditions have largely prevented the carriers from making the technological advances necessary to meet the continuing increases in operating costs. Development of container-type ships progressed, with savings in cargo handling costs and a limited number of such ships were in service, but the substantial cost of building new ships or converting others has been an important deterrent in the growth of trailer-ship operations. Other reasons for the limited intercoastal service include high terminal costs, changes in business practices, and greater industrialization in the Pacific coast area.

There was further growth of the inland waterway fleet, however. More powerful towing vessels and larger barges, as well as barges built to meet special requirements, have been put into service. Individual towboats with horsepower in excess of 5,000 are in service and are capable of moving 25 to 30 barges in a single tow carrying up to 30,000 tons. A towing vessel of 8,500 horsepower, under construction for service on the lower Mississippi River, will be capable of moving much larger tows. Special barges put into service can handle grain or lumber and petroleum in bulk in the same vessel, and others are capable of carrying commodities at extremely high or low temperatures, or under high pressures. A barge with a capacity of more than 10,000 tons was launched for service in the Pacific Northwest. A service was instituted between California and Gulf of Mexico and Atlantic Coast ports with a specially constructed wine tanker which

has a capacity for about 2,400,000 gallons of wine and 35,000 barrels of other liquid cargo.

Navigational improvements were made in numerous ports and on many waterways. On the Ohio River, for example, a number of dams under construction will have 1,200-foot-long locks, resulting in fewer dams and generally improved navigation conditions.

The St. Lawrence Seaway was opened to navigation for vessels of 14-foot draft. Construction of United States facilities was about 85 percent complete, and the joint United States-Canadian project providing 27-foot channels from Montreal to Lake Erie is expected to be opened in April 1959.

New plant location and construction along navigable waters by prospective shippers continued to a substantial degree during the year.

Pipelines

At the end of 1957, the 82 pipelines reporting to the Commission operated 145,236 miles of lines in 43 States and the District of Columbia. Of the total, there were 61,379 miles of trunklines for crude oil in 32 States, 31,780 miles of trunklines for refined oils in 39 States and the District of Columbia, and 52,077 miles of gathering lines for crude oil in 23 States. There was a net decrease of 506 miles in trunklines carrying crude oil in 1957, compared with 1956, while trunklines moving refined oils increased 2,315 miles and gathering lines 741 miles, for a net increase of 2,550 miles, or 1.8 percent.

The contractions of crude oil pipelines included sale of certain mileage to noncarrier companies in Texas and Oklahoma, and conversion of crude oil pipelines into product lines for transportation of liquefied petroleum gas. The increase in gathering lines represents a moderate expansion, and the increase in refined oil mileage resulted in large part from conversion of the "Little Big Inch" line to transportation of petroleum products instead of natural gas.

An 8-inch pipeline 108 miles long from Cadiz to Cleveland, Ohio, built in 1957, to transport slurry (pulverized coal suspended in water) was put in operation in the middle of 1958. Transportation costs were estimated at $1 a ton less than railway freight rates. A 6-inch pipeline 72 miles long was built in 1957, to carry gilsonite from mines at Bonanza, Utah, to a refinery near Grand Junction, Colo., and has been in operation more than a year. The pipeline was said to carry 700 tons of gilsonite per day at an out-of-pocket expense of 2.5 cents per ton-mile.

Labor-Management Relations

In 1957, the number of man-days lost in rail, motor, and water transportation because of strike activity, was only a small fraction of 1 percent of the man-days worked, and a substantial reduction below 1956.

According to data from the Division of Wages and Industrial Relations, U. S. Bureau of Labor Statistics, there were 300,000 man-days idle in 1957 caused by strikes in rail transportation (excluding a dispute between the International Brotherhood of Teamsters and the Railway Express Agency), and intercity bus, truck, and water transportation (excluding the east coast longshoremen's dispute), for a decrease of about 100,000 man-days idle below the corresponding figure in 1956. Rail and truck transportation were indirectly affected by the east coast longshoremen's dispute, involving 35,000 men, which lasted 11 days in February 1957.

An 88-day strike of truckdrivers of the Railway Express Agency ended on July 18, 1957, with an agreement which provided hourly wage-rate increases totaling 29 cents: 15 cents retroactive to January 16, 1956, 7 cents on November 1, 1957, and 7 cents on November 1, 1958. The agreement also included a provision for semiannual cost-of-living escalator adjustments.

The issues involved most frequently in work stoppages in 1957, as in most years during the last decade, were wages and supplementary benefits. The decline in strike activity in 1957, and in the preceding years was attributed in part to provisions for cost-of-living adjustments in recent agreements, and to introduction of long-term contracts between labor and management. Although long-term wage agreements are generally favored by both labor and management as a means of reducing work stoppage, the longer periods of negotiation generally required may lead sometimes to costly conflicts, such as the abovementioned strikes by the east coast longshoremen and by truckdrivers of the Railway Express Agency.

Wages paid railroad workers in 1957 and 1958 reflected 1956 and 1957 wage agreements, which provided cumulative increases. Nonoperating employees received 24 cents per hour (10 cents per hour effective November 1, 1956, 7 cents on November 1, 1957, and 7 cents on November 1, 1958). Locomotive engineers and firemen received substantially similar wage increases, though the increases are expressed in terms of percentages of basic daily rates. Trainmen, conductors, and brakemen received 26.5 cents per hour (12.5 cents effective November 1, 1956, 7 cents on November 1, 1957, and 7 cents on November 1, 1958). Yard employees received 14 cents per hour (7 on November 1, 1957, and 7 on November 1, 1958), or 10 cents per hour (5 on November 1, 1957, and 5 on November 1, 1958) if they elected to receive pay for 7 holidays a year. Switchmen received 10 cents per hour (5 on November 1, 1957, and 5 on November 1, 1958), in lieu of 7 paid holidays a year. Yardmasters received $53 per month ($25 effective November 1, 1956, $14 on November 1, 1957, and $14 on November 1, 1958). All of these contracts included cost-of-living escalator clauses which resulted in cumulative increases of 12 cents per

hour (3 in May 1957, 5 in November 1957, and 4 in May 1958).

The number of employees of class I line-haul railroads decreased from 1,003,429 in May 1957 to 825,353 in May 1958.

PROMOTION OF SAFETY IN TRANSPORTATION

Generally, an increased number of investigations and inspections were conducted during the year into railroad and motor carrier compliance with the various safety laws and regulations, and their safety practices and maintenance programs. On the rail side, this work was facilitated by the integration of three classes of field employees into a single class known as Safety and Service Agents. The three groups formerly were designated as Car Service Agents, Hours of Service Inspectors, and Safety Appliance Inspectors. Through a program of cross training, the men in these positions are now qualified to perform any of the work previously performed separately by the men in each group. The resulting flexibility will promote efficiency and economy, and generally contribute to effectuating greater safety on rail lines. There has also been an expansion of the safety program for motor carriers both through an increase in the field staff as well as new projects or improved planning. Separate discussions of the safety work in connection with the railroads and motor carriers follow.

Railroad Safety Program

The Sections of Railroad Safety and Locomotive Inspection of the Bureau of Safety and Service administer the railroad safety program under the Safety Appliance Acts, 45 U. S. C. 1–16; Ash Pan Act, 45 U. S. C. 17–21; Locomotive Inspection Act, 45 U. S. C. 22–34; Testing of Appliances Act, 45 U. S. C. 36; Accident Reports Act, 45 U. S. C. 38–43; Medals of Honor Act, 45 U. S. C. 44–46; Hours of Service Act, 45 U. S. C. 61–64; Signal Inspection Act, 49 U. S. C. 26, and Transportation of Explosives Act, 18 U. S. C. 831–835. The work includes administration and enforcement, development of regulations, inspections to determine compliance with and effectiveness of regulations, and investigation of railroad accidents. The Bureau of Transport Economics and Statistics administers reporting of railroad accidents and provides most of the accident statistics shown herein. More detailed reports on railroad safety and locomotive inspection are published by the Bureau of Safety and Service as separate documents.

NUMBER OF PERSONS KILLED AND INJURED

In 1957, 2,365 persons were killed and 14,841 injured in accidents involving train operation (train and train-service accidents), as compared with 2,403 killed and 18,771 injured in 1956.

Casualties from train and train-service accidents in the first 6 months of 1958, compared with the corresponding period in 1957 are shown below:

Classification of persons	Number killed January–June	
	1957	1958
Trespassers	332	289
Employees on duty	73	76
Passengers on trains	10	5
Others (chiefly highway-rail grade-crossing accidents)	674	626
Total	1,089	996

The volume of railway traffic in the first half of 1958, as measured in revenue ton-miles decreased 16.0 percent over the volume in that period of 1957, and passenger-miles decreased 13.7 percent. These changes may be compared with the 8.4 percent decrease in the number of persons killed in train and train-service accidents.

Investigation of Accidents

Under the Accident Reports Act, approved May 6, 1910, the more serious train accidents during the last five years have been investigated as shown in the following table:

Year ended June 30—	Number of accidents investigated			Persons	
	Collisions	Derailments	Total	Killed	Injured
1954	39	10	49	35	920
1955	36	22	58	34	971
1956	48	11	59	134	1,612
1957	47	19	66	100	772
1958	37	19	56	50	776

In each case a detailed report was published, giving the facts disclosed by the investigation, conclusions derived from them, and such recommendations as were deemed appropriate.

Of the 37 collisions investigated, 7 involved track motorcars; 11, failure to obey signal indications; 4, failure properly to control speed within yard limits; 8, motor vehicles at grade crossings; 1, failure to provide adequate protection for preceding train; 1, switch being opened in front of approaching train; 2, cars moving out of control on grade; 1, failure to deliver a train order; 1, failure to issue a train order; and 1, locomotive and cars occupying track without authority. Of the 19 derailments investigated, 8 involved defective equipment; 5, defective track; 2, excessive speed; 2, switch being opened in front of approaching train; and 2, undetermined causes.

Accident Reports

As required by the Accident Reports Act and related Commission rules, certain accidents arising from the operation of a railroad and which result in injury to persons or damage to property must be reported. Accident records of railroads were examined to determine the degree of compliance with the reporting rules, as follows:

	Year ended June 30—	
	1957	1958
Regular inspections of accident records	314	431
Number of railroads examined	247	329
Investigations of complaints	11	15
Number of infractions disclosed	131	68
Number of accident and casualty files examined	19,463	21,456

At the beginning of the year 10 cases comprising 360 counts of alleged violations of the Accident Reports Act were pending in the Municipal Court for the District of Columbia. Ten cases containing 250 counts were transmitted to the United States attorney for prosecution during the year, compared with 22 cases of 590 counts in the previous year. Seventeen cases comprising 520 counts were disposed of by confession of 350 counts and withdrawal of 170 counts. On June 30, 1958, 3 cases comprising 90 counts were pending.

ACCIDENTS AT RAIL-HIGHWAY GRADE CROSSINGS

In 1957, there were 3,569 accidents at rail-highway grade crossings resulting in the death of 1,371 persons and the injury of 3,767. Automobiles, buses and trucks were involved in 3,283 of these accidents, in which 1,217 persons were killed and 3,613 injured. There were 58 derailments of trains in rail-highway crossing accidents involving motor vehicles, resulting in 32 fatalities and 58 injuries. Casualties to persons on trains in derailments and other train accidents at rail-highway crossings totaled 11 killed and 146 injured. A table showing information concerning crossing accidents for 1955, 1956, and 1957 follows:

Accidents at highway grade crossings, year ended December 31

Accidents and casualties	1955 Number	1955 Number of persons Killed	1955 Number of persons Injured	1956 Number	1956 Number of persons Killed	1956 Number of persons Injured	1957 Number	1957 Number of persons Killed	1957 Number of persons Injured
Accidents at highway grade crossings	3,846	1,446	4,014	3,639	1,338	3,755	3,569	1,371	3,767
Accidents at highway grade crossings involving motor vehicles [1]	3,583	1,313	3,886	3,379	1,202	3,629	3,283	1,217	3,613
Derailments of trains at highway grade crossings involving motor vehicles [1]	80	43	72	66	49	115	58	32	58
Miscellaneous train accidents as a result of collisions between trains and motor vehicles [1]	307	159	164	348	155	162	183	126	184
Motor vehicles registered	[2] 62,760,395			[2] 65,212,510			[2] 67,135,546		
Railroad casualties:									
Passengers			27			83			51
Employees on duty		3	68		9	64		11	95
Persons carried under contract			4		1	5			
Travelers not on trains									
Total		3	99		10	152		11	146

[1] Passenger automobiles, buses, and trucks.
[2] Includes publicly owned vehicles.

SAFETY APPLIANCES

The following table shows results of safety-appliance inspections, with corresponding data for the preceding year:

Item	Year ended June 30— 1957	Year ended June 30— 1958
Freight cars inspected	1,059,689	1,157,366
Percent defective	5.69	4.96
Passenger-train cars inspected	31,756	28,455
Percent defective	4.18	4.70
Locomotive units inspected	13,391	14,342
Percent defective	1.29	2.19
Number of defects per 1,000 cars and locomotives inspected	67.05	56.07

The number of units inspected was 1,200,163 or 8.63 percent more than in the fiscal year 1957.

There were 183 cases of violation of the Safety Appliance Acts, comprising 645 counts, submitted to United States attorneys for prosecution, compared with 247 cases, comprising 1,038 counts in the preceding year. At the beginning of the year, 98 cases, comprising 433 counts were pending in the district courts. During the year, 201 cases were disposed of by confession of 718 counts, dismissal of 6 counts, and trial of 21 counts. Of the latter 21 counts, judgment was rendered for the Government on 7, for the defendant on one, and decision is awaited on 13. The eight counts reported last year as awaiting decision were all decided in favor of the defendant, and the Government has appealed all of them. The two counts reported last year as appealed were decided in favor of the Government. Penalties of $100,650 were assessed. On June 30, 1958, 80 cases comprising 338 counts were pending in the district courts.

In addition, plans and specifications of four privately developed devices designed to increase safety in railway operations were examined, and informal staff opinions were transmitted to the proprietors or their agents as to their practicability.

HOURS OF SERVICE

The following table shows statistics related to the hours of service of railroad operating employees:

	Year ended June 30—	
	1957	1958
Railroads filing monthly hours of service reports	601	594
Railroads reporting instances of excess service	135	123
Instances of excess service reported	4,545	4,128
Instances of excess service investigated	983	1,392
Examinations of hours of service records	776	858
Completed investigations of complaints	52	45
Violations involved in special investigations	165	117

During the year, 24 cases comprising 76 counts of alleged violations of the Hours of Service Law were submitted to United States attorneys for prosecution. In the same period carriers confessed 77 counts resulting in the payment of penalties of $8,800. A more detailed statement concerning hours-of-service cases as compared with the preceding year follows:

	Year ended June 30—	
	1957	1958
Cases pending at beginning of year	4	12
Cases transmitted to United States attorneys	23	24
Cases disposed of during year	15	24
Cases pending at end of year	12	12
Counts pending at beginning of year	17	76
Counts transmitted to United States attorneys	101	89
Counts confessed	35	77
Counts dismissed or judgment for defendant	7	30
Counts pending at end of year	76	58
Penalties imposed	$3,600	$8,800

SIGNAL DEVICES AND COMMUNICATION SYSTEMS

According to reports submitted by the carriers, block-signal systems, interlocking, and automatic train-stop, train-control, and cab-signal devices were in use on January 1, 1958, as follows:

Type of signal protection	Plants	Miles of—		Locomotives
		Road	Track	
Block-signal systems:				
Automatic		88,743.0	110,689.3	
Nonautomatic		21,151.8	28,905.4	
Total		109,894.8	139,594.7	
Corresponding totals, Jan. 1, 1957		109,834.2	140,220.2	
Interlocking	4,184			
Automatic train-stop, train-control, and cab-signal devices:				
Train-stop		9,345.5	14,857.3	5,211
Train-control		1,025.3	1,951.1	825
Cab-signal		3,857.1	8,513.8	3,734
Total	4,184	14,227.9	25,322.2	9,770
Corresponding totals, Jan. 1, 1957	4,247	14,200.1	25,595.1	9,694

As of January 1, 1958, train communication systems were in use on 151 railroads, of which 56 had both line-of-road and yard and terminal installations in service, 42 line-of-road installation only, and 53 yard and terminal installations only. Line-of-road installations were in service for operation over a total of 108,584 miles of road, and there were 706 yard and terminal installations. There were 17,190 wayside stations and mobile units, such as locomotives, cabooses, passenger, and other cars provided with train communication equipment, and 4,991 portable radio sets in service.

The line-of-road installations comprised radio systems on 95,314 miles of road, inductive systems on 7,690 miles of road, end-to-end installations employing wire connections through the train on 2,488 miles of road, and a combined inductive and wire intercommunication system operating over 87 miles of road. Radio telephone systems provided by communication common carrier, mostly to furnish communication facilities for passengers, were in service on 3,005 miles of road.

The 706 yard and terminal installations consisted of 657 radio systems, 4 inductive systems, and 45 installations using commercial leased radio services.

There was an increase of 7 in the number of railroads using train communication systems in line-of-road service in 1957, and of 13,344 in the miles of road over which such systems were operated. There was no increase in the number of railroads using yard and terminal installations, but there were 137 more installations. There was an increase of 2,285 in the number of wayside station or mobile units equipped and of 1,370 in portable sets in service.

Detailed information concerning those installations is contained in the annual statistics bulletin, published separately.

In the year ended June 30, 1958, 255 applications were filed for modifications of block-signal systems and interlockings. At the beginning of the year action was pending on 25 applications previously filed. During the year, 217 applications were acted upon, 2 were withdrawn, and action was pending on 61 at the close of the year. Public hearings were held on 14 of the applications.

Sixty applications were filed in the year for modification or for relief from certain requirements of the rules, standards, and instructions prescribed by order of June 29, 1950, under the Signal Inspection Law. At the beginning of the year action was pending on 3 such applications. Of this total, 50 applications were acted upon, 1 was withdrawn, and action was pending on 12 at the close of the year. Public hearing was held on one petition for relief from the requirements of the rules.

Monthly signal failure reports filed by the carriers for the year ended June 30, 1958, are summarized below:

False restrictive failures	25, 299
False proceed failures	72
Potential false proceed conditions	16

During the year ended June 30, 1958, inspections were made as follows:

System	Number of systems inspected	Including inspection of—				
		Signals	Switches	Other appliances	Devices on locomotives	Records of tests
Automatic block-signal	787	8, 095	6, 401	7, 556		16, 638
Interlockings	2, 013	14, 477	9, 916	20, 427		13, 406
Traffic-control	810	6, 740	4, 069	8, 879		9, 382
Automatic train-control	31			211	56	350
Automatic train-stop	402			4, 381	929	3, 896
[Aut]omatic cab-signal	100			566	356	1, 146
Total	4, 143	29, 312	20, 386	42, 020	1, 341	44, 818

These inspections served to call railroad management's attention to a large number of unsatisfactory maintenance conditions for corrective action. The 4,143 systems inspected during the year represent an increase of 202 systems inspected over the previous year.

During the year, 3 cases comprising 4 counts of violation of the Signal Inspection Law were transmitted to United States attorneys for prosecution. At the beginning of the year, 3 cases, comprising 3 counts, were pending in the district courts. Judgment was confessed on all 7 counts, and a total penalty of $700 was assessed. On June 30, 1958, no cases or counts were pending in the district courts.

EXPLOSIVES AND OTHER DANGEROUS ARTICLES—RAIL

Continued progress in the development of military and commercial products falling within the scope of the Regulations for the Transportation of Explosives and Other Dangerous Articles as well as improved containers used for their packaging and transportation, necessitated the consideration of numerous amendments to these regulations to enable such shipments to move expeditiously and safely. For this purpose, a study of 511 proposals resulted in the adoption of 504 of them as follows:

	Proposed	Adopted
Changes in requirements	348	348
Additions to regulations	128	127
Eliminated from regulations	29	23
New container specifications	6	6

Unusual situations, particularly to provide for use of new containers, or to allow the transportation of new items, pending development of appropriate regulations, were taken care of by the issuance of 594 special permits, 289 of which were still in effect at the end of the year.

The record of transporting dangerous goods in tank cars without serious accident over a period of several years was marred by the explosion of 6 cars of liquefied petroleum gas, 2 containing gasoline, and 1 of cyclohexane, which were involved in derailments and fire, and the spontaneous explosion of 2 tank cars of nitromethane. The latter product heretofore has not been subject to the regulations, and the cause of the explosion has not as yet been definitely established.

Demands for shipping liquefied gases, such a oxygen, nitrogen, helium, hydrogen, and others, at extremely low temperatures in tank cars and tank motor vehicles, have increased to a point where designs and specifications are being studied so that standards can be provided as promptly as possible.

Observations by the field staff at various points throughout the country to determine whether the regulations are being complied with by shippers and carriers are reflected in the following table:

Number of field reports made	1,279
Number of locations observed	1,348
Violations reported	6,711
Recommended for prosecution	5
Cases pending in courts at beginning of period	5
Cases pending in courts at end of period	8
Fines assessed (1 case)	$840.00
Cases dismissed by court	1

Activities Relating to Condition of Locomotives*

INSPECTION OF LOCOMOTIVES

In keeping with changed conditions brought about by more extensive use of diesel-electric locomotives, the Commission's rules and instructions for inspection and testing of locomotives other than steam, prescribed by the Commission's order of December 14, 1925, as amended, have been further amended by an order of the Commission dated March 4, 1958, to become effective on January 1, 1959.

During the year conferences were held by officials of the Washington office with the zone supervisors of inspectors, concerning uniform methods of procedure, inspections, programs, and policies to be followed.

A comparison of inspection activities over the last 6 years is shown in the following table:

Reports and inspections—Steam locomotives, locomotive units other than steam, and multiple operated electric locomotive units

	Year ended June 30—					
	1953	1954	1955	1956	1957	1958
Number of locomotives for which reports were filed	41,172	39,270	36,992	38,062	37,353	36,905
Number inspected	104,069	103,337	98,025	97,348	100,607	95,593
Number found defective	10,154	9,994	9,913	11,107	9,887	8,394
Percentage of inspected found defective	9.8	9.7	10.1	11.4	9.8	8.8
Number ordered out of service	281	257	223	644	518	395
Number of defects found	30,143	29,403	29,968	35,560	26,385	21,532

In compliance with rule 54 of the Rules and Instructions for Inspection and Testing of Steam Locomotives, 13 specification cards and 309 alteration reports were submitted by carriers. Under rules 328 and 329 of the Rules and Instructions for Inspection and Testing of Locomotives Other Than Steam, 1,454 specifications and 4,818

*Locomotive inspection activities are shown in detail in the report of the Director of Locomotive Inspection, published separately.

alteration reports for locomotive units, and 134 specifications and 478 alteration reports for heating boilers mounted in locomotive units were submitted by carriers. As required by rule 449 for Multiple Operated Electric Locomotive Units Designed to Carry Freight and/or Passenger Traffic, seven alteration reports were submitted by carriers. The information contained in these specifications and reports was analyzed and corrective measures were taken when improper design or other discrepancies were found.

Inspection and repair reports filed with district locomotive inspectors during the year totaled: 41,304 under rules 51 and 53 of the Rules and Instructions for Inspection and Testing of Steam Locomotives; 377,063 under rule 331 of the Rules and Instructions for Inspection and Testing of Locomotives Other Than Steam; 32,872 under rule 451 for Multiple Operated Electric Locomotive Units Designed to Carry Freight and/or Passenger Traffic.

On June 30, 1958, there were 1,446 fewer steam locomotives for which carriers filed reports than there were on June 30, 1957, and the number of other than steam locomotive units for which reports were filed during the same period increased by 1,015.

Under the provisions of rule 10 of the Rules and Instructions for Inspection and Testing of Steam Locomotives, 134 applications for the extension of time for the removal of flues were submitted. After investigation, extensions were granted for the full period requested in 110 applications, and in 9 of these after defects disclosed by the investigation were repaired. Extensions requested in 9 applications were denied, and a shorter extension than that requested was granted for 2 locomotives because of conditions disclosed by the investigations. Ten applications were canceled for various reasons and 3 others are pending.

During the year, two cases involving four counts for alleged violations of the Locomotive Inspection Act and rules prescribed thereunder were transmitted to United States attorneys for prosecution under section 9 of the act. Judgment was confessed in both cases on all counts, and a total penalty of $400 was assessed.

The 11 cases containing 220 counts against 4 railroads for failure to file required inspection reports on locomotives, which were pending on July 1, 1957, in the district courts, have not been determined as yet.

No formal appeal by any carrier was taken from the decisions of any inspector during the year.

Accidents and Their Investigation

The accompanying table shows accidents and casualties reported under the requirements of the Locomotive Inspection Act for a period of six years.

Accidents and casualties caused by failure of some part or appurtenance of steam locomotives, locomotive units other than steam, and multiple operated electric locomotive units

	Year ended June 30—					
	1953	1954	1955	1956	1957	1958
Number of accidents	134	105	83	73	75	72
Percent increase or decrease from previous year	31.6	21.6	21.0	12.0	[1] 2.7	4.0
Number of persons killed	12	3	3	4	0	0
Percent increase or decrease from previous year	[1] 200.0	75.0	0	[1] 33.3	100	0
Number of persons injured	150	302	142	79	90	86
Percent increase or decrease from previous year	26.1	[1] 101.3	53.0	44.4	[1] 13.9	4.4

[1] Increase.

The number of accidents declined considerably during the first 3 years shown in the table, and since June 30, 1955, has remained fairly constant. Replacement of older steam locomotives with new diesel-electric locomotives continued to be reflected in the reduced number of accidents.

The accompanying chart shows the relation between the percentage of defective locomotives and the number of accidents and casualties which have resulted from defective parts and appurtenances, and illustrates the effect of operating locomotives in defective condition.

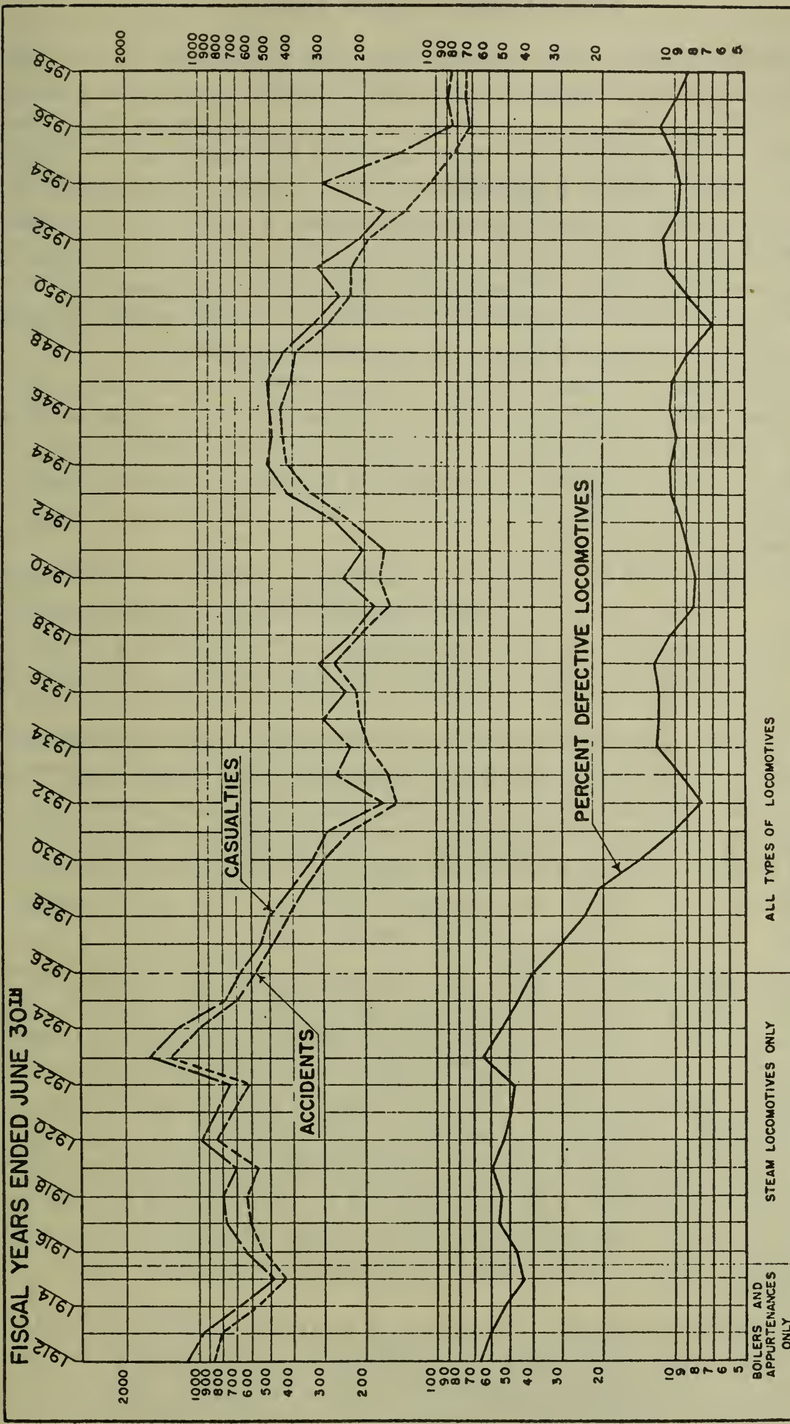
Of the 72 accidents during the year, 21 were caused by the defective condition of floors, steps, and passageways of diesel-electric locomotives. All of the 21 accidents, except 3, resulted from the accumulation of oil on walking surfaces of diesel-electric locomotives. In 15 of these accidents oil accumulations were reported from 1 to 58 times during the month preceding the accidents. The number of accidents caused by the accumulation of oil on walking surfaces during the year ended June 30, 1958, increased by 20 percent from the preceding year.

Eight accidents were caused by defective condition of cab seats.

Eight accidents were caused by explosions in the crankcases of diesel engines, injuring 8 persons. Six of the explosions resulted from overheating of bearings, 1 from a defective piston, and 1 from a crack in a cylinder liner.

Two accidents occurred on steam locomotives, resulting in injury to 2 persons.

Accidents reported under requirements of the law and Commission rules were thoroughly investigated. Reports on accidents of major importance or of particular interest were published, and copies thereof were distributed to interested parties in order that action could be taken to avoid similar accidents in the future.



RELATION OF DEFECTIVE LOCOMOTIVES TO ACCIDENTS AND CASUALTIES RESULTING FROM LOCOMOTIVE FAILURES

Motor Carrier Safety Program

During the year, with the increased staff authorized by the Congress, substantial increases were made in motor carrier safety work. Over 6,600 man-days were devoted to road checks, during which over 75,000 vehicles and drivers were inspected for compliance with the Motor Carrier Safety Regulations. Of the vehicles inspected, 13,951 were found to be in such mechanical condition as to be unsafe to operate and were ordered "out of service" at point of inspection until the defects were corrected. The need for this accelerated program of inspections is evidenced by the fact that over 18 percent of the vehicles inspected were found unsafe to be continued in operation.

The increased activity resulted in examination of the safety practices and programs of over 9,200 motor carriers, investigation of a large number of accidents involving fatalities or serious property damage, and the publishing of reports to show the causes of certain of such accidents, with special emphasis on the prevention of similar occurrences in the future.

The present safety program emphasizes promotion of safety education and better training of management personnel, drivers, and supervisors, and in motor-vehicle inspection and maintenance to assure that only vehicles in safe mechanical condition will be operated on the highways.

This program resulted in a substantial increase in enforcement cases involving violations of the safety regulations (see Enforcement and Compliance). As a further result of the inspection program, proceedings were instituted with the view to revocation or suspension of the operating authority of certain motor carriers who were found to be operating in willful and flagrant violation of the safety requirements. In two of these cases, the carriers' failure to comply with the safety regulations was shown on the record, and orders were issued commanding compliance with the regulations and continuing the proceedings under conditions which could lead to suspension or revocation of the carriers' operating authorities in the event of failure to bring the operations into compliance with the safety regulations.

The safety compliance record of 1,284 applicants for temporary operating authority was examined, and denial of the authority sought for safety deficiencies was recommended in 115 cases and a grant for a limited period was recommended in 43 cases, with extension of such authority being conditioned on improved compliance with the regulations.

Considerable time and expense are involved in formal intervention in motor-carrier application proceedings, and it has been found that by having the applicant explain the known deficiencies on the record and present a program for correction, the need for intervention will

be eliminated in some cases. The practice has not been in use sufficient time to provide an accurate appraisal of its effectiveness, but it is expected to be of substantial value in obtaining compliance with the safety requirements.

As has been stated in previous reports, this Commission's motor carrier safety work is directed toward certain fundamental accident prevention factors in a manner not susceptible to being dealt with by the individual States. Specifically, it is the Commission's function to provide national leadership to develop and administer regulations dealing with problems of vehicle design, systematic maintenance procedures, minimum qualifications and maximum hours of service for drivers, and to encourage improved accident prevention efforts. In general, enforcement of rules of the road is a matter for police officials of the individual States and local authorities, since motor carriers subject to this Commission's jurisdiction and their drivers are required to comply with State and local laws. Particular efforts are made to work cooperatively with State agencies, and the Commission has received excellent cooperation and assistance from most of the State regulatory and enforcement bodies.

A considerable effort has been expended in revising the safety regulations so as to make them adequate to cope with present day hazards, bring them into accord with technical developments, make their meaning more definite, and facilitate enforcement. Much assistance has been given this effort by consultations with organizations of motor carriers and members of their technical staffs, organizations of vehicle manufacturers, manufacturers of specific parts and accessories, and medical authorities, including the United States Public Health Service.

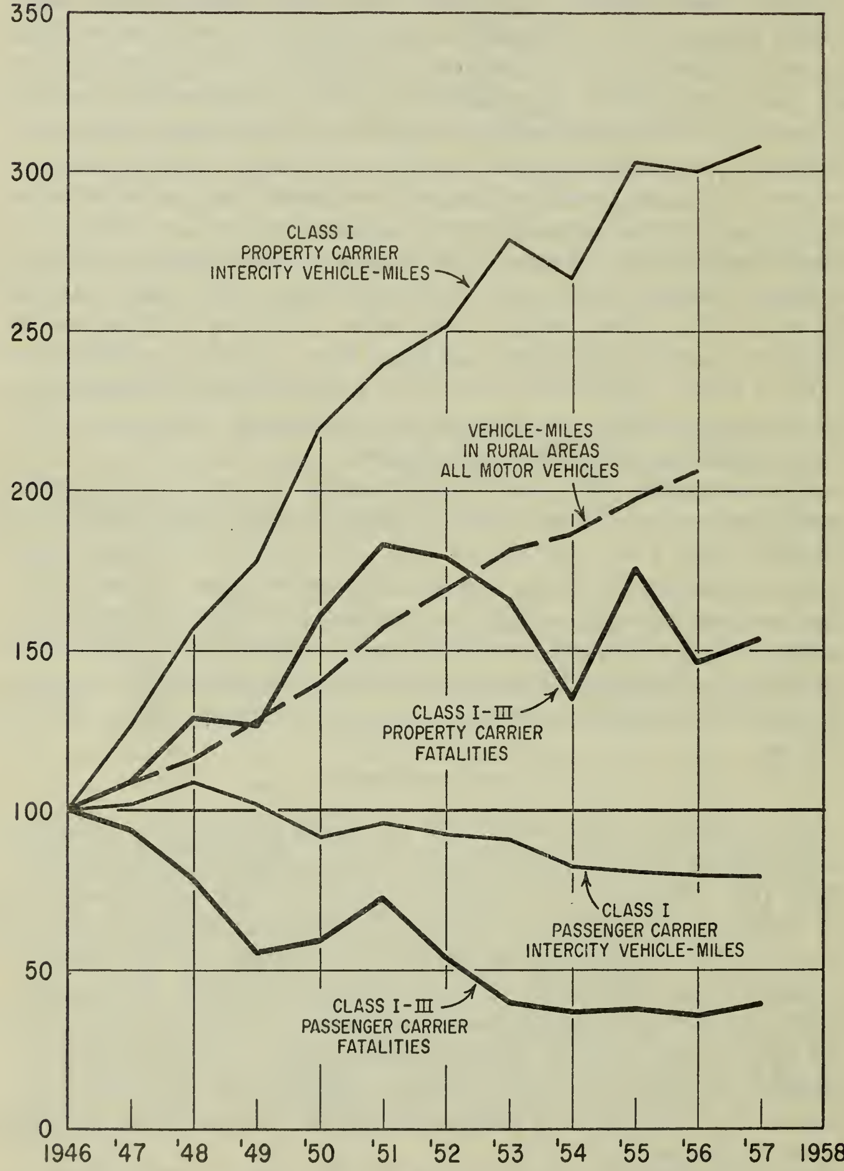
ACCIDENT RECORD

The increase in safety activities was made necessary by increased motor-vehicle registrations and miles operated, and the results demonstrate the importance and value of the work being performed, with the ultimate aim being to reduce fatalities and property damage resulting from motor-vehicle accidents. Although the accidents reported to the Commission in 1957 and the fatalities and property damage resulting showed a percentage increase, there has been a general improvement during the last several years, as reflected by fewer fatalities in relation to the increases in vehicle-miles and in the exposure factor resulting from the greater number of vehicles of all types on the highways.

The accompanying charts depict (1) the trends in fatalities reported by motor carriers and in intercity vehicle-miles since 1946; and (2) the total fatalities in the two 5-year periods from 1948 to 1952 and from 1953 to 1957, as compared with vehicle-miles operated in the same two periods.

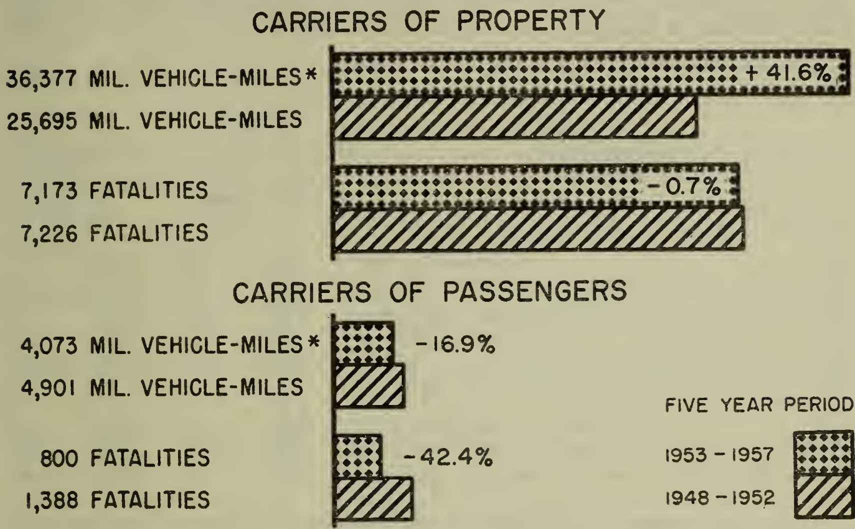
INDEXES OF MOTOR CARRIER TRAFFIC FATALITIES AND VEHICLE-MILES

1946 = 100



Source: I.C.C., Bureau of Transport Economics and Statistics, Statistics of Class I Motor Carriers and Statements Q-750 and Q-800, accident reports of motor carriers, and U.S. Bureau of Public Roads, Table VM-1

FATALITIES – MILEAGE COMPARISONS – 1948–1957



* Miles operated in 1957 estimated

The following table gives pertinent data as to total vehicle registrations, vehicle-miles, accidents reported, and fatalities, nonfatal injuries and property damage resulting therefrom for 1955–1957.

Item	Calendar year		
	1957	1956	1955
Vehicle registrations:			
All motor vehicles [1]	67,135,546	65,212,510	62,760,395
Trucks	10,960,814	10,625,536	10,331,912
Buses	268,537	254,679	255,249
Vehicle-miles compared with preceding year:			
All motor vehicles—rural roads ... percent	+2.3	+5.0	+6.0
Trucks—intercity miles—class I and class II carriers [2] ... percent	+2.8	−0.1	+13.7
Buses—intercity miles—class I and class II carriers [2] ... percent	−0.6	−0.2	−1.2
Accidents reported:			
Total [3]	34,113	31,968	31,935
Property-carrying vehicles [4]	30,280	28,015	28,291
Passenger-carrying vehicles	3,855	3,977	3,678
Fatalities:			
Total [3]	1,573	1,498	1,774
Property-carrying vehicles [4]	1,419	1,352	1,625
Passenger-carrying vehicles	165	151	160
Nonfatal injuries:			
Total [3]	18,765	18,518	19,415
Property-carrying vehicles [1]	14,440	13,880	14,496
Passenger-carrying vehicles	4,477	4,786	5,144
Property damage:			
Total [3]	$39,591,517	$36,632,550	$35,416,030
Property-carrying vehicles [4]	$37,502,467	$34,666,410	$33,418,490
Passenger-carrying vehicles	$2,253,970	$2,122,690	$2,127,560

[1] Totals include all publicly-owned motor vehicles.

[2] Prior to January 1, 1957, property carriers with annual revenues of more than $200,000 were classed as class I. Since that date carriers with revenues from $200,000 to $1,000,000 are classed as class II.

[3] Each year both a truck and a bus are involved in a number of accidents. Such accidents are included under both the property-carrying and the passenger-carrying categories. Hence a sum of the figures under these two categories for any item will exceed the "total" figure given.

[4] The truck accidents shown herein were reported only by common and contract carriers, or less than 25 percent of the carriers under our jurisdiction as to safety.

The following table shows changes in deaths and injuries in motor-carrier accidents reported by all motor carriers from 1944 to 1957. The increase in vehicle-miles, as shown in the chart next above should be considered when comparing these figures.

Calendar year	Fatalities		Injuries	
	Number	Increase or decrease	Number	Increase or decrease
		Percent		*Percent*
1957 [1]	1,573	+5	18,765	+1
1956 [1]	1,498	−16	18,518	−5
1955 [1]	1,774	+27	19,415	+17
1954 [1]	1,394	−17	16,622	−14
1953 [1]	1,685	−10	19,388	−2
1952 [1]	1,877	−5	19,797	−10
1951	1,986	+14	22,070	+17
1950	1,735	+18	18,906	+6
1949	1,471	−2	17,787	−5
1948	1,501	+9	18,677	+8
1947	1,382	+3	17,367	+5
1946	1,338	+16	16,565	+15
1945	1,150	+2	14,346	+11
1944	1,133	+7	12,921	+24

[1] Data for 1952–1957 relate to accidents which occurred in those years. For previous years, data are for accidents reported during the year indicated.

COVERAGE AND HANDLING OF ACCIDENT REPORTS

It has been found that accident data, when related to vehicle-miles, reflected an improper accident-experience comparison between classes of carriers, depending upon the proportion of interstate transportation in their operations. Therefore, beginning with 1958, reporting of all accidents of reportable severity, regardless of the interstate or intrastate nature of the transportation, is required.

Private carriers performing transportation in interstate commerce are subject to the motor carrier safety regulations but have not been made subject to the accident reporting requirements, largely because personnel to process the data are not available. Carriers who conduct "exempt" operations are required to file accident reports, but a very small number are received because many of the carriers operating under the exemptions are unknown, and enforcement measures are impractical in the absence of a requirement that such carriers make themselves known to the Commission so that they can be served with the regulations. Accidents actually reported in 1957 by carriers conducting exempt operations totaled only 482, but it is expected the accelerated program of safety activities will result in better reporting by the carriers which are known to the Commission.

In order to inform motor carriers generally of the trends in accidents and casualties, quarterly statements have been released for their information and guidance. Public reports based on investigations of seven serious accidents were issued, primarily to direct the attention of all carriers to the causes of such accidents, with the view of pre-

ventive measures being taken. The reports varied as to the accident causes, classes of carriers involved, and geographical location, as shown in the following summary:

State	
North Carolina	Collision of exempt commodity truck with an improperly driven truck transporting migrants. 21 fatalities; 16 injuries.
Pennsylvania	Runaway truck—Inadequate brakes—alleged private carrier. No fatalities or injuries.
California	Runaway truck—Inadequate brakes and unqualified driver—alleged private carrier. 2 fatalities; 8 injuries.
Indiana	Collision of common carrier leased truck with 2 standing trucks of another common carrier. 2 fatalities; 1 injury.
Iowa	Collision of automobile with disabled truck of exempt carrier in charge of unqualified and fatigued driver. 2 fatalities.
Ohio	Collision of common carrier bus with disabled vehicle of common carrier. 2 fatalities; 16 injuries.

ADDED SAFETY RESPONSIBILITIES

In June 1957, regulations were adopted to provide for the comfort of passengers, qualifications and maximum hours of service of operators, and safety of operation and equipment in the transportation across State lines of migrant workers by motor vehicle for distances of more than 75 miles. Intensive efforts have been made to communicate these regulations to the attention of crew leaders and others concerned with transportation of migrant labor. The President's Committee on Migratory Labor cooperated with staff personnel of this Commission in the publication of a simple-language leaflet summarizing the regulations. It is exceedingly difficult, however, to identify the carriers subject to these regulations and to serve the regulations upon them. It has also been difficult to enforce rest-stop requirements in areas where adequate public facilities are not available, particularly where local officials protest or prevent such stopping. Efforts are continuing to find solutions to these difficulties.

EXPLOSIVES AND OTHER DANGEROUS ARTICLES—MOTOR

Motor carriers continued to transport important tonnages of commercial explosives and other hazardous commodities. These included flammable liquids, acids, compressed gases, and radioactive materials. Tonnage figures on the volume of ammunition and other explosives transported by motor carriers for the Armed Forces are not available, but such tonnage is understood to have been considerably below the tonnage of years previous to 1956.

Production of explosives for industrial use (exclusive of liquid oxygen explosives) totaled 1,020,795,512 pounds in 1957, according to the United States Bureau of Mines. Although there are no data on which to compute the percentage of all industrial explosives transported by motor vehicle, the Institute of Makers of Explosives estimate that 612 million pounds net weight were moved from manufacturing plants by motor vehicle in 1957, compared with 659 million pounds in 1956. Data as to the amount of explosives transported locally from magazines to consumers were not available.

No report of any explosion of commercial or military explosives, or of total destruction by fire of any vehicle carrying such explosives, occurring in motor transportation during the year was received. However, one explosion of special fireworks, classified by the Commission as class B explosives, occurred in Wilkes-Barre, Pa., on June 30, 1958, resulting in the death of 1 person and injury to 2 others. A number of accidents involving other dangerous commodities transported by truck, particularly compressed gases and flammable liquids, have occurred. These included the destruction by fire of a truck loaded with nitrocellulose, in drums, on a city street in Chicago, and an accident in which anhydrous ammonia was released from a tank vehicle, in Sioux City, Iowa, when the tank valves were damaged by collision with an overhead railroad bridge. Five firemen were affected by ammonia fumes. Some serious accidents resulted from the collision with railroad trains of tank vehicles transporting flammable liquids. A number of these occurred in the course of intrastate transportation over which we have no control. Close examination of the safety compliance and the accident records of motor carriers transporting hazardous articles was continued. Special studies are made by the field staff and the Section of Motor Carrier Safety to determine the extent of such compliance in each case involving an application for authority to transport explosives.

INSURANCE

Underwriting losses in the casualty and fire insurance industry during the year were the heaviest in history, and constant vigilance was and is necessary in analyzing the financial stability of an increasing number of companies. After thorough analysis of information obtained either through correspondence or as a result of personal visits, several companies were requested to discontinue filing security on behalf of motor carriers and freight forwarders, until convincing evidence of their stability is established. Several other companies are under investigation, and appropriate action will be taken as warranted.

There are more than 500 insurance and surety companies filing security for the protection of the public with this Commission on behalf of motor carriers and freight forwarders. The financial condition,

stability and reliability of these companies are scrutinized annually. During the year, more than 150 companies were requested to file complete financial statements, and 30 are being requested to file quarterly statements.

Some insurance and surety companies have followed the practice of "fronting" by filing certificates for companies not qualified to file security themselves. As a result of informal conferences with representatives of the insurance industry, an administrative change was adopted requiring all insurance companies filing certificates of insurance with this Commission to have a direct contractual relationship with the motor carrier or freight forwarder. This requirement not only supplements the requirements stated in the prescribed certificate of insurance, but also lessens the possibility of substantial financial losses to companies making themselves parties to such "fronting" arrangements.

Several conferences were held with committees or individuals representing the National Association of Insurance Commissioners to discuss mutual problems, including "fronting," which conferences strengthened the cooperation and coordination required between this Commission and the State insurance regulatory bodies.

During the year, there were received, examined, and filed 37,291 certificates of insurance and surety bonds, 8,870 notices of cancellation and 770 reinstatement notices. Eight applications by motor carriers for approval of qualifications as self-insurers were received, and 4 of them were approved after thorough study. There were also received and analyzed 195 financial statements from motor carriers previously found to be qualified as self-insurers or to act as surety for other motor carriers. Revision of the form for reporting outstanding claims and reserves for motor carriers holding authority as self-insurers, or for corporations acting as surety for motor carriers, other than corporate sureties, has proved most beneficial.

As of June 30, 1958, approximately 18,989 motor carriers and 83 freight forwarders had security on file covering bodily injury and property damage liability for the protection of the public. In addition, 15,088 motor common carriers of property and 88 freight forwarders furnished cargo insurance covering their legal liability to compensate shippers and consignees for loss of or damage to shipments. There are on file 209 surety bonds executed by and on behalf of brokers to insure financial responsibility in the supplying of authorized motor transportation.

An extensive survey of the records in the Section of Insurance was completed during the year, and as a result new methods of recording are being adopted to increase efficiency. Development of a supplemental punchcard system for recording of statistical insurance data on motor carriers is also in process.

Medals of Honor

Revised regulations to govern the award of lifesaving medals under the Medals of Honor Act (45 U. S. C. 44 *et seq.*) were submitted to the President, who approved them by Executive Order No. 10765, dated April 24, 1958. The new regulations, while substantially similar to prior regulations, were amended to include incidents occurring on public highways, roads, or streets of the United States, pursuant to the amendment to the Medals of Honor Act approved June 13, 1957. The Executive Order also contains a new provision limiting the time in which an application may be made to 2 years from the date of the incident, and provides that no application based solely upon an incident involving a motor vehicle shall be considered if the incident occurred prior to June 13, 1957.

During the year, 3 applications involving incidents on railroads and 3 involving highway incidents were received. The latter three applications were denied as not having met the requirements of the act, while the 3 railroad applications are under investigation.

There have been 110 applications for railroad medals since passage of the original act of 1905. Of these, 70 have been granted, and 40 denied because the high standards prescribed by the act were not met.

ACCOUNTING, STATISTICS, ECONOMICS AND VALUATION

The economic regulation of carriers subject to this Commission's jurisdiction necessitates the availability of accurate, uniform, and comprehensive financial and statistical data pertaining to their operations, investment, and business affairs. Data contained in the reports filed by carriers are used and relied upon by Federal and State agencies, carriers, shippers, investors, creditors and others interested in the affairs of carriers, as well as by this Commission in the performance of its functions. Carriers subject to our jurisdiction are required to maintain their accounting systems and to prepare their reports in accordance with rules prescribed by us in order that uniform accounting and reporting will prevail. Examinations are made periodically of carrier records, reports, and practices to ascertain compliance with our requirements and to effect correction of departures therefrom. Financial and statistical data are compiled from the reports filed with us by carriers and made available to the public in a series of publications. Periodic and special cost and statistical studies are made for use in connection with investigations and other proceedings before the Commission.

These functions are performed by our Bureau of Accounts, Cost Finding and Valuation and Bureau of Transport Economics and

Statistics. The following table shows as of June 30, 1958, the number of carriers subject to our accounting rules and required to file periodic financial and statistical reports with us:

Railroads, class I	111
Railroads, class II	314
Railroad switching and terminal companies	205
Railroad lessor companies	210
Motor carriers (passenger)	196
Motor carriers (property): Class I—1,015; class II—2,327	3,342
Oil pipelines	83
Water lines	150
Electric lines	38
Freight forwarders	63
Protective service companies	7
Express companies	2
Sleeping car company	1
Stockyard companies	28
Holding companies	4
Total	4,754

In addition, periodic reports are received from the following types of carriers for which accounting regulations have not been prescribed:

Car lines (companies which furnish cars for use on lines of railroads)	203
Class II and class III motor carriers of passengers	1,010
Class III motor carriers of property	14,052
Water carriers (less than $100,000 gross revenue)	116
Freight forwarders (less than $100,000 gross revenue)	28
Holding companies (motor)	18
Street electric lines	9

Accounting

The formulation and revision of accounting and related rules is a continuing program. The last annual report referred to a new form of balance sheet prescribed for railroads and other matters under study to bring our accounting rules and practices in line with current practices. During the year several major revisions were made in the rules covering accounting for and reporting of income, with particular regard to unusual and extraordinary items, to bring about better disclosure of the operations and finances of carriers. The uniform system of accounts for protective service companies was amended to prescribe methods of recording and disclosing information concerning costs of modern mechanical devices and appurtenances. Important changes have also been made or are in process to modify the uniform system of accounts for water carriers in order to meet current needs for information concerning the operations and financial condition of such carriers.

In response to applications from carriers, special accounting rulings were issued in 21 cases involving capitalization, income taxes, retirement of track property, and other questions which justified a special ruling to assure that the accounts and reports of carriers would contain proper disclosure of these transactions.

Questions concerning reasonable rates of depreciation for property and the setting aside of reserves from earnings to protect investment in property continued to be studied. During the year, new or revised depreciation rates for large railroads and other carriers were prescribed in 18 orders, and depreciation rates to meet special conditions were authorized in 167 cases.

Also under consideration is the question of reconciling, insofar as practicable, depreciation procedures which can be applied uniformly for both financial accounting and tax purposes. Under long established practices common carriers have been recording depreciation in their accounts on a straight-line basis. On the other hand, tax statutes enacted in recent years have authorized deductions for depreciation under so-called fast methods, thus causing significant differences between financial accounting and tax accounting. Another problem concerning depreciation involves accounting for replacement of track property, which is pending in Docket No. 32153 entitled *Betterment and Depreciation Accounting, Railroads.*

Financial data in proceedings involving mergers, consolidations, and other unifications, and applications to issue securities were examined to assure adequate disclosure of the applicants' financial condition and earning capability. During the year financial data were examined in 71 proceedings involving abandonment of segments of railroad track, 77 involving mergers and other unifications, and in 94 pertaining to issuance of securities. For motor carriers, accounting, financial and related data were examined in 1,369 unification and security applications and comprehensive accounting and financial analyses were prepared in 110 such cases. Final drafts of reports and orders in 385 motor carrier unification and security cases also were reviewed as to financial and accounting data, and the final accounting to effect approved transactions was examined in 467 cases.

Carriers continually seek a reduction in the time prescribed for preserving records of their business transactions because of voluminous accumulations. In recent years the rules governing preservation of records for motor carriers have been revised. Revised rules became effective for railroads during the year and also were prepared for private car lines and others furnishing freight cars to railroads. Late in the year, a rulemaking proceeding was instituted to prescribe rules and regulations governing the maintenance and preservation of accounts and records for ratemaking, tariff publishing, and other organizations operating under section 5a of the act.

Cost Finding

The cost finding staff is continuously developing cost data for use in rate proceedings. The data are of two kinds: studies which develop broad, basic cost data and special studies of individual situations. In addition to the use made of cost data by this Commission numerous requests for such information are received from Federal and State agencies, shippers, carriers, educational institutions, foreign countries, and others interested in transportation matters.

During the year the cost studies referred to below were prepared by the staff and issued to the public as information without having been considered or adopted by the Commission:

1. *Formula for Use in Determining Rail Freight Service Cost, Statement No. 2–57*

This formula represents a revision of Rail Form A, (Statement No. 9–53) to simplify its application. Rail Form A separates railroad operating expenses, rents, taxes, and an allowance for return to the various services, i. e. running, switching, station clerical, station platform, and general overhead, performed in rail transportation. The costs for each service are then developed on a unit basis so that they may be applied to known service units, i. e. number of cars, tons, car-miles, and ton-miles, of a particular segment or movement of traffic.

2. *Cost of Transporting Freight by Class I Motor Common Carriers of General Commodities—Central Region, Statement No. 3–57*
3. *Cost of Transporting Freight by Class I Motor Common Carriers of General Commodities—Eastern-Central Territory, Statement No. 4–57*

These two latter studies, which are based on the operations of 213 motor common carriers of property, contain data indicating: (1) average unit costs for the various services of the carriers; and (2) cost scales by weight of shipment and by length of haul for single-line movements, interline movements, and the weighted average for all movements. The average unit costs provide the bases for computing costs for specific movements of traffic, and the costs scales provide costs in cents per hundredweight by size of shipment and by mileage blocks, which are of value in judging the general level of costs for the rate structure as a whole.

Procedures are set forth for adjusting the unit costs for differences in operating practices, such as platform operation, partial pickup and delivery services, the effect of density, and other factors which tend to make the costs for particular services different from the territorial averages.

4. *Distribution of the Rail Revenue Contribution by Commodity Groups—1955, Statement No. 5–57*

This study indicates the compensatory characteristics of rail carload traffic by commodity classes and groups. It also shows how the transportation burden is distributed and also sets forth the commodity classes which provided the largest aggregate contribution as well as those classes with revenue which failed to meet out-of-pocket costs.

5. *Percent of Empty to Loaded Freight Car-miles by Class of Equipment and Performance Factors for Way, Through and All Trains Combined, Statement No. 6–57*

This study provides performance factors for use in Rail Form A to distribute costs to classes of equipment and to types of trains.

6. *Formula for Determining the Cost of Transporting Liquid Petroleum Products by Tank Truck Carriers, Statement No. 1–58*

This formula provides for the development of unit costs and cost scales for liquid petroleum products, by weight of shipment and length of haul, in cents per 100 pounds or in cents per gallon.

7. *Rail Carload Cost Scales by Territories as of January 1, 1958, Statement No. 2–58*

This study provides rail carload freight service costs separately for the eastern district, Pocahontas region, southern region, and western district based on 1956 operations with an adjustment to reflect wage and price levels as of January 1, 1958. The costs are computed by type of car, by weight of net load, and by length of haul. The study also provides factors for adjusting these costs when the services performed are different than those of the average traffic, such as developing the cost for the actual number of interchange handlings rather than including the interchange expense as part of the line-haul cost, adjustments in switching costs to reflect varying switch-engine-minutes per car, and adjustment for percents of empty return of equipment which are different from territorial averages.

Motor carrier cost studies are now in progress for 74 carriers in the New England region and 86 carriers in the southern region. A special formula is being developed, and a cost study is in progress regarding the operations of 64 motor carriers hauling principally oilfield equipment in 10 of the Southwestern States.

Cost data were prepared for the Board of Suspension in connection with 2,744 suspension requests involving proposed changes in 13,507 rail, motor, and water carrier individual point-to-point rates. They included 14 motor cases which involved the level of rates for entire rate territories and 4 cases relating to busfares.

Members of the cost finding staff testified in the rate proceedings entitled *Docket MC–C–2019 Advance Transportation Company* v. *Edward E. Allard et. al.*, and *Ex Parte No. 212*, *Increased Freight Rates*, *1958*, concerning procedures used in the development and application of costs.

Field Examinations and Investigations

Field accountants stationed in 21 cities throughout the country regularly inspect the accounts and records of rail, motor, and other carriers subject to the accounting, valuation, and related regulations. The primary purpose of these investigations is to detect and achieve correction of major accounting errors and deviations from our rules and regulations. The extensive and important use by the Commission of financial, operational, and other data contained in reports filed by carriers necessitates such examinations to insure their reliability. Another important purpose of the field examinations is to discover evidence of irregular or unlawful activities, other than those relating to accounting, and to report them to the Bureau of Inquiry and Compliance for appropriate action.

Prior annual reports have referred to numerous accounting and reporting improprieties, brought to light through field examinations, which in a significant number of cases would have resulted in a serious misstatement of earnings or financial condition had corrective action not been taken. During the current year, accounting standards and recordkeeping practices of a substantial group of carriers deteriorated. This was evidenced by difficulties encountered by field accountants in attempting to verify accounting transactions at the source from inadequate and incomplete records maintained by such carriers. In this connection the accounting staffs of a number of large carriers, notably railroads, have suffered sharp reductions under retrenchment programs to meet the severe decline in business and revenue. Some carriers were found to have carried economies to the extreme of eliminating essential records and adopting shortcut and questionable accounting methods. Manifestly, where this condition existed the carriers' earnings statements and reports of financial condition would be unreliable and misleading for the important regulatory purposes for which required. All carriers involved were instructed to take specific corrective action and reestablish their accounts and records in conformity with the prescribed standards.

The field program is supplemented by examination of the accounting data contained in annual reports filed by class I and class II motor carriers of property and class I motor carriers of passengers. These examinations are performed by the Washington staff, and the correction of accounting errors and deviations are effected through correspondence and subsequent field examinations.

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With the present complement of field accountants it is possible to examine each year about one-fourth of the 4,754 carriers subject to prescribed accounting regulations. Carriers are selected for examination first, on the basis of need as indicated by the reports on file and second, on the basis of the size and character of the operations. During the year, 1,164 accounting examinations were made, of which 162 involved railroads, 924 motor carriers, and 78 other types of carriers. The examinations of 14 carriers disclosed indications of possible unlawful activities. In addition to the general accounting examinations, 18 field investigations were made for special purposes. Some involved the development of evidence for enforcement cases and others the collection at the source of specific data for use in finance, ratemaking, and other proceedings. Special investigations sometimes are made at the request of other agencies.

A small segment of the field staff is engaged in examining the valuation records and making selective inspection of the properties of railroad and oil pipeline companies. During the year, 125 examinations of this type were completed, of which 51 covered class I railroads, 41 smaller railroads, and 33 oil pipeline companies.

Statistics

Examination of the monthly, quarterly, and annual reports filed with us by the various classes of carriers under our jurisdiction is performed by the Bureau of Transport Economics and Statistics. In July 1957, processing of the quarterly and annual reports of classes I and II motor carriers was transferred to that Bureau from the Bureau of Accounts, Cost Finding and Valuation thereby concentrating responsibility for operating, statistical, and financial reports from all classes of carriers in one Bureau.

A proposed report form the rate and tariff publishing bureaus and other organizations operating under section 5 (a) was prepared and is now the subject of a rulemaking proceeding.

During the year the various classes of carriers subject to our jurisdiction filed 67,846 reports which included 19,757 annual reports, 23,707 quarterly reports, and 24,382 monthly reports. The latter figure includes 7,893 monthly reports of railroad accidents but excludes 23,092 supplementary reports covering individual railroad train and train-service accidents.

These reports provide the basis for comprehensive statistical and economic analysis necessary to our ratemaking and other regulatory functions and for release to the public concerning earnings, economic and financial condition, and operations of the carriers. Improvement in the time required to process and publish these statistics, mentioned in previous reports, has continued, and even more expeditious processing is expected as the result of the installation of an

electronic data processing machine which has substantially increased the capacity for mechanical verification of reports and analysis of data.

A summary of the first reports of 1956 truckload freight commodity statistics filed by class I motor carriers of property pursuant to an order of December 9, 1955, as amended, was published early this year. Processing of the reports for 1957 is nearly complete, and the statistics for that year should be available at an early date.

As the result of a hearing in Docket No. 32141, *Separation of Operating Expense between Freight and Passenger Services*, it was determined that the present rules governing such separation produce valid results, are adequate for the purpose for which intended, and require no modification. The proceeding was discontinued, but the findings were without prejudice to any different findings or conclusions that may be reached upon completion of the record in Docket No. 31954, *Railroad Passenger Train Deficit.*

The need of accurate, timely, and complete reporting of the waybill sample is indicated by the increasing use of these data in our proceedings. A representative of the Bureau of Transport Economics and Statistics visited the offices of 40 railroads during the year to survey the selection and preparation of the sample waybills and incidental related information and to suggest improved methods. This has resulted in adoption of more efficient procedures by the railroads, thereby reducing their cost of furnishing the waybills and the cost to the Government of processing them.

Economics

The research staff devoted much of its time to preparation of special analyses and statistical data related to problems arising in connection with this Commission's regulatory and administrative functions affecting the transportation industry. The work included special economic and statistical analyses for use in connection with various proceedings, especially Ex Parte No. 206, *Increased Freight Rates, Eastern, Western and Southern Territories, 1956;* Ex Parte No. 212, *Increased Freight Rates, 1958;* and Docket No. 31954, *Railroad Passenger Deficit.* Work on several basic research studies has been advanced as permitted by more immediate demands. Two of these (Value of Service in Ratemaking; and Freight Revenue and Wholesale Value at Destination of Commodities Transported by Class I Line-Haul Railways, 1956) are near completion.

Valuation of Railroad and Pipeline Property

This function involves (1) keeping physical inventories and cost data up to date, (2) ascertaining current reproduction costs and re-

production costs less depreciation, (3) collecting data for adjusting land values to a current basis, (4) preparing data for determining valuation of pipelines. The data so developed are used in ratemaking, depreciation accounting, and other regulatory functions, and by the Department of Justice in connection with provisions of the consent decree issued by the United States District Court in *United States* v. *The Atlantic Refining Company*, *et al.* That case involved a fair rate of return for pipeline companies and the consent decree placed restrictions on payment of dividends and use of earnings. During the year, 79 reports establishing valuations for pipeline companies were approved.

Statements are prepared annually and released to the public showing elements of value for class I line-haul railways and switching and terminal companies. The latest compilation, as of December 31, 1956, shows the following for these carriers: original cost (not including land), $31.2 billion; cost of reproduction new, $66.8 billion; cost of reproduction new, less depreciation, $43.2 billion; and estimated present value of land, $2.1 billion.

ENFORCEMENT AND COMPLIANCE

A thorough reevaluation of all enforcement and compliance work of the Commission was commenced during the year. It includes examination of the activities of various Bureaus, both in Washington and in the field offices throughout the country. The principal purpose of the study is to achieve greater efficiency in carrying out this important function of the Commission with the funds and staff currently available. Among other things, it will seek to determine whether there should be greater or less emphasis on formal administrative proceedings before the Commission, prosecutions in the courts, preventive measures, educational programs, and other activities designed to promote compliance.

The Commission's primary objective is to obtain compliance with the statutes and regulations thereunder, preferably on a voluntary basis; but, failing this, through the institution of enforcement actions in court or in appropriate Commission proceedings. The work in the field of enforcement is conducted by attorneys, special agents, and field personnel of various Bureaus. During the year, 750 criminal and civil cases were concluded in the courts, with fines and forfeitures amounting to $509,174. The Bureau of Inquiry and Compliance instituted or took part in 1,404 investigations during the year. Investigations related to motor-carrier and broker violations were mostly conducted by field personnel of the Bureau of Motor Carriers, while court proceedings related to violations of the railroad safety laws were handled by the Bureau of Safety and Service.

Rail, Water, and Forwarders

Enforcement actions related to transportation subject to parts I, III, and IV of the act are handled by the Section of Rails, Water and Forwarder Enforcement of the Bureau of Inquiry and Compliance. They include enforcement of the criminal and civil provisions of the Interstate Commerce Act and related acts including the Elkins Act, the Clayton Antitrust Act, and the Transportation of Explosives and Other Dangerous Articles Act.

Investigation of activities within the jurisdiction of this section disclosed a variety of offenses by both carriers and shippers, including false description and underbilling of commodities, falsification of records, granting and receiving of concessions by such means as the sale of land by a railroad to a shipper for less than fair market value, and violations of transit privileges on shipments of lumber.

Twelve such cases were successfully concluded for the Government during the year, involving fines totaling $92,640 and 2 prohibitory injunctions. All but $4,000 of the fines was required to be paid. United States attorneys declined to prosecute for various reasons in 19 instances, and the defendants were found not guilty in 2 cases.

One series of cases involved the solicitation and acceptance of concessions from railroads by the device of false weights. Five shippers, on pleas of *nolo contendere*, paid total fines of $26,400, and 2 consignee-receivers paid $20,400 for similar offenses and on the same pleas.

For soliciting and receiving concessions from a railroad by falsely describing its shipments, a freight forwarder, in its capacity as a shipper, was fined $5,000 on a plea of guilty to five counts of which $1,000 was required to be paid.

Upon a plea of *nolo contendere*, a shipper was fined $6,000 for soliciting and accepting concessions by means of manipulation of transit billing.

A railroad and a produce receiver were permanently enjoined from consummating the purchase and sale of railroad land at less than fair market value. Subsequently, the land was sold to another at a reasonable price, and the injunctions were vacated.

In a case involving violations of our regulations governing transportation of explosives and other dangerous articles, a railroad and its terminal superintendent were fined $700 and $140, respectively, on pleas of guilty.

For soliciting and accepting concessions from a railroad through false transit claims, a shipper was fined $30,000 on a plea of *nolo contendere*.

Upon a plea of guilty to a charge of soliciting and accepting concessions from railroads and freight forwarders by the device of false descriptions and weights, a manufacturer was fined $4,000.

Following a full scale investigation into the practice of railroads granting delays on movement of carload shipments of lumber, complaints seeking injunctions were filed against two western railroads. Such delays provide valuable services not specified in filed tariffs, and result in the defeat of lawful tariff charges and in the carriers' assumption of the storage costs of the lumber dealer while a market is being sought. This practice also creates costly operating problems, and contributes to the creation of car shortages during peak shipping periods. It is expected that additional actions on similar unlawful practices will be filed shortly against other carriers.

The Commission's annual report for 1956, stated that after an extensive investigation into the practices of a southern railroad and a subsidiary in promoting and effecting the construction of produce terminals in several cities, criminal informations were filed against the railroad and a produce association company in the western district of Kentucky. The information charged the defendants, respectively, with granting and receiving unlawful concessions. After the presentation of the Government's case, the defendants filed motions for acquittal. The court denied the motions and referred the case to the jury which returned verdicts of not guilty.

The following chart shows the number of investigations, court proceedings, and Commission proceedings on hand at the beginning of the year, commenced and concluded during the year and pending at the end of the year in this section.

RAIL, WATER AND FORWARDER ENFORCEMENT

	Rail	Water	Forwarder	Total
Investigations:				
On hand beginning of year	135	10	12	157
Commenced during year	253	1	16	270
Concluded during year	163	2	7	172
Pending at end of year	225	9	21	255
Court proceedings:				
On hand beginning of year	13	0	0	13
Commenced during year	48	0	2	50
Concluded during year	30	0	0	30
Pending at end of year	31	0	2	33
Commission proceedings:				
On hand beginning of year	3	1	1	5
Commenced during year	2	0	2	4
Concluded during year	2	1	1	4
Pending at end of year	3	0	2	5

Court proceedings handled by the Bureau of Safety and Service involved railroad violations of the Safety Appliance Act, Hours of Service Law, the Accident Reports Act, the Signal Inspection Law, and the Locomotive Inspection Act. The following summary shows the number of cases concluded and fines imposed under these statutes.

Act	Cases concluded	Fines imposed
Safety appliance	201	$100,650
Hours of service	24	8,800
Accident reports	17	16,500
Signal inspection	6	1,100
Locomotive inspection	2	400

Motor Carriers and Brokers

Enforcement actions related to transportation subject to part II of the act are handled by the Section of Motor Carrier Enforcement of the Bureau of Inquiry and Compliance, although most of the investigations are conducted by the field staff of the Bureau of Motor Carriers.

During the year, in an effort to expedite this work, authority was delegated to the District Directors of the Bureau of Motor Carriers and the regional attorneys of the Bureau of Inquiry and Compliance to refer certain types of offenses directly to United States attorneys for prosecution. This authority is limited to instances involving criminal violations arising under parts 190 through 196 and 198 of the Motor Carrier Safety Regulations and only when the district director and the regional attorneys are in agreement. So far, this procedure has turned out to be a valuable timesaver.

Of the 439 criminal motor enforcement cases concluded during the year, 411 resulted in fines totaling $281,810. Two cases resulted in acquittals, and United States attorneys moved for dismissal of the others for various reasons. Of the 31 civil motor enforcement cases concluded, 12 involved forfeiture proceedings, with forfeitures amounting to $7,274. The remaining 19 cases were injunctive proceedings brought to enjoin unauthorized operations, violations of the Commission's safety, c. o. d. and insurance regulations, and other offenses. Appropriate decrees were entered against the defendants in every case but one.

Fines and forfeitures imposed totaled $289,084, of which $275,100 was required to be paid.

The following table shows the number of investigations, court and Commission proceedings on hand at the beginning of the year, commenced and concluded during the year, and pending in this section:

MOTOR CARRIER ENFORCEMENT

	On hand, start of year	Commenced during year	Concluded during year	Pending end of year
Investigations	496	1,134	860	770
Court proceedings	155	601	470	287
Commission proceedings	81	87	37	131

Many types of violations by both motor carriers and shippers were involved in court cases. They included violations of the regulations governing transportation of explosives and other dangerous articles, violations of the Motor Carrier Safety Regulations, granting and accepting of rebates and concessions, failure to observe published tariffs, violations of the credit and c. o. d. regulations, failure to file required reports, conducting operations without authority, and others.

Some of the cases which involved violations of the safety regulations and in which the fines amounted to $2,000 or more are of particular interest. In each of the following cases the defendant carriers pleaded guilty to informations containing up to 40 counts.

A carrier was fined $2,200 for various safety violations including requiring drivers to remain on duty for excessive hours. One carrier was charged with 40 counts for failing to require drivers to make proper drivers' logs and was fined $4,000. Another was fined $2,000 after its plea to 40 counts including failure to require drivers to submit vehicle condition reports. Still another was fined $2,500 for violations which included failure to have doctors' certificates for drivers on file and for failure to equip its vehicles properly. The defendant was required to pay $1,200. The remaining $1,300 was suspended, and the defendant was placed on probation for 3 years. One carrier was charged with 21 counts for failing to require drivers to keep logs and was fined $4,200, while another was fined $3,350 for permitting excess hours for drivers.

Four cases involving violations of the regulations governing transportation of explosives and other dangerous articles were successfully concluded in favor of the Government during the year. A private carrier was fined $750 upon a plea of guilty to an information charging it with two counts for failing to have cargo tanks retested. A shipper's agent was charged in 7 counts with failing to show certain information on shipping papers as required by the regulations. The defendant entered a plea of not guilty. On a trial in court the defendant was found guilty on all counts and fined $500. Fines of $750 and $500 were obtained in the other two cases.

In a district court, a carrier and its president were tried, found guilty and fined a total of $24,400 for violations of the Motor Carrier Act. The defendant carrier was charged in 61 counts with knowingly and willfully charging, demanding, and collecting greater compensation for transportation than the charges specified in its tariffs. The individual defendant was charged with aiding and abetting the carrier. Both defendants had been previously convicted of criminal violations of the Interstate Commerce Act.

In other cases involving overcharges and concessions, various means were employed to accomplish the violations. One carrier was fined $1,500 on a plea of guilty to granting concessions by issuing

false bills of lading. A fine of $1,800 was imposed against a carrier for receiving less compensation for transportation than provided for in its tariffs. Another carrier was charged with 43 counts of granting concessions and, on its plea of guilty, was fined $1,250.

A Federal grand jury returned a one-count indictment charging an individual and a carrier with subornation of perjury in a hearing before us in which the carrier was seeking certain operating rights. At the hearing the individual and the carrier are alleged to have caused a witness to state falsely that he was an employee of a dress manufacturer who was said to be in need of the carrier's transportation services. Final disposition of this case is expected shortly.

In another case of interest, a court accepted a plea of guilty by an individual to a charge of criminal contempt for conducting unauthorized operations after the carrier's authority was revoked and in defiance of a previously issued permanent injunction. The defendant was fined $2,000 and sentenced to 1 year imprisonment. The prison sentence was suspended and the defendant was placed on probation for a year.

The attorneys of the Section of Motor Carrier Enforcement took part in a number of administrative proceedings, presenting evidence and developing the issues in applications for operating authority or to acquire such authority by transfer from others and the fitness of the parties involved; investigation proceedings to determine the existence of unlawful control; revocation-of-authority proceedings for repeated violations of safety or insurance regulations; and investigations to determine whether undue shipper influence had been exerted on competing carriers to cause them to refrain from protesting applications for operating authority.

During the year there was greater activity in the program dealing with the important subject of so-called "buy and sell" operations to determine whether unauthorized common or contract carriage is actually being conducted under the guise of private carriage. The program includes administrative consideration of cases involving variations of these practices, and the presentation of cases in the courts seeking criminal sanctions or prohibitory injunctions.

MOBILIZATION PLANNING FOR DEFENSE

Planning for mobilization of the Nation's domestic transportation, storage, and port industries during the year was marked by changes in emphasis and direction. Overall guidance provided by the Executive Branch looked more and more to the serious possibilities of mass nuclear attack on the Nation with implications of radioactive fallout extending across the land and isolating large areas of the country.

These assumptions tended to compress the time phasing of plans

and to give new urgency to action measures. Standby delegations to the field staff and self-triggering mobilization orders to the transport industries had previously been provided to keep transport mobilization planning abreast of the situation. There was general agreement throughout Government that national planning based on mass-attack assumptions must include provision for stern measures at local, State, and national levels, for survival of the Nation. Efforts were made by the Transport Mobilization Staff to assure that imposition of mandatory controls over transportation by State and local officials in a national civil defense emergency would not interfere with Federal objectives for maintaining intercity and interstate transportation systems.

Government organizational changes during the year culminated in Presidential action to consolidate Office of Defense Mobilization and Federal Civil Defense Administration (Reorganization Plan No. 1 of 1958). This brought termination of the Office of Defense Mobilization Committee on Defense Transportation and Storage, which had been an effective instrument of interagency planning and a forum for periodical review of transportation plans and policies by interested agencies.

Throughout the year the substantive mobilization programs were further advanced. Orientation visits to field offices of the Commission were begun and regional managers were given wider scope in determining the extent of participation of their personnel in regional mobilization activities. Communications personnel of the relocation staff and staff technicians for damage assessment and situation analysis received extensive training, including experience at the Commission's relocation site.

The Commission's unit of the National Defense Executive Reserve was expanded from 39 to 83 members, and additional applicants were in various stages of processing for membership. A successful briefing session for the reserve was conducted in Washington in June.

There also was staff participation in activities of the National Damage Assessment Center. Data were developed by the staff leading toward a comprehensive inventory of transport resources and facilities of the Nation for quick machine analysis of losses and remaining capability after attack on the Nation. Substantial progress was made in updating rail inventories and in developing, with the assistance of the Department of Agriculture, new data on public warehousing and frozen storage facilities.

A related program for developing statistics on national patterns of passenger and freight traffic flow for a period of national emergency progressed satisfactorily. The cooperation of the Department of Defense and the Department of Agriculture was of considerable benefit.

The Transport Mobilization Staff, with the cooperation of the Bureau of Motor Carriers and its field personnel, completed plans for emergency rerouting of highway vehicles around key industrial centers. Fifteen plans in this series, covering such cities as New York, Chicago, Denver, and San Francisco, were drafted with the aid of local and State civil defense officials.

Car service personnel also continued to work in close cooperation with the Transport Mobilization Staff. Field agents served on transportation panels of the Federal Civil Defense Administration, and a number of agents served as Commission representatives, and later as alternates, on the Regional Mobilization Committee of the Office of Defense Mobilization. Car service personnel also participated in "Operation Alert 1957" and arrangements were made for their participation in "Operation Alert 1958."

MANAGEMENT ACTIVITIES

Continued improvements were effected in administrative operations and procedures, leading among other things to certain reductions in time and expense in the handling of proceedings. Information obtained from the "central status system," established last year as an aid in controlling and expediting the disposition of formal proceedings, indicated that the average age of all such proceedings on the Commission's docket was reduced from 7.3 to 6.2 months and the number of cases pending for more than 1 year was reduced by 22 percent, while the number of cases disposed of during the year showed an increase of 13 percent. However, because of a 31-percent increase in the number of new cases instituted, the number pending on June 30, 1958, rose from 3,491 to 4,147, an increase of 19 percent over the previous year. The general improvement in the disposition of cases reflects concentrated efforts at all levels within the Commission, together with improved supervision stemming in part from an internal realignment of certain functions in the Bureau of Rates and Practices and the Bureau of Operating Rights.

There also was an accelerated effort to "mechanize" various operations which have been conducted manually. In March 1958, an electronic digital computer was installed and a substantial reduction in the time previously required to compile data has resulted. With the new equipment, for example, data computed from operating expense schedules of class I railroad annual reports can now be accomplished in 8 workdays as compared to 35 workdays previously. Some of the manual processes which were converted to electronic business machine methods were payroll operations, inventory of property and equipment, and the system for maintaining and preparing service lists which contain the names and addresses of parties upon whom the

Commission serves its reports and orders. In addition, a substantial conversion from hand to machine operations was effected in the processing of motor carrier safety matters.

In the area of personnel administration, formal promotion plans which were instituted last year for clerical employees were further developed and extended to a number of groups, including rate and tariff examiners. The Board of U. S. Civil Service Examiners for the Commission developed and announced new examinations for filling a number of positions and applicant response thereto has been substantial, including over 5,000 applications for safety and service agent, 540 applications for signal and train control inspector, and 50 to 75 applications per month for our transportation rate and tariff examiner positions. In the area of training, instructions in typewriter proficiency, preparation of multilith duplimat masters, supervisory techniques, and incentive awards procedures were provided. An agreement was entered into with the Civil Service Commission to aid in recruiting and training motor carrier safety inspectors. A program for recognizing length of service on the part of Commission employees was established and emblems awarded.

The records disposition program continued to show good results. During the year, 9,052 cubic feet of obsolete or semiactive records were destroyed or transferred to Federal Records Centers, with a savings of $67,420 in replacement value of equipment and value of space.

In January a conversion from mimeograph to offset duplicating processes resulted in improved quality and appearance of our duplicated work. Concurrent with installation of the new machines, improvements in organization, layout and processing procedures in the Reproduction Branch permitted the handling of a greater volume of work without additional staff.

In the field, a substantial number of improvements in space and facilities were effected with the assistance of the General Services Administration. A field space guide was developed, which provides for the assignment of hearing rooms in regional offices; imprest funds were established to facilitate small purchases; and an improved system for providing reference publications needed by field employees was put into effect.

Appropriations and Employment

The following statement shows average employment and total appropriations for the fiscal years 1940 to 1959 for activities included under the current appropriation title Salaries and Expenses:

Year	Appropriation	Average employment	Year	Appropriation	Average employment
1940	$8, 948, 000	2, 649. 3	1950	$11, 416, 700	2, 161. 0
1941	9, 077, 960	2, 734. 9	1951	11, 408, 200	2, 072. 3
1942	9, 212, 750	2, 658. 6	1952	11, 264, 035	1, 889. 5
1943	9, 336, 377	2, 359. 4	1953	11, 003, 500	1, 849. 4
1944	8, 873, 900	2, 076. 0	1954	11, 284, 000	1, 837. 9
1945	8, 833, 700	1, 957. 5	1955	11, 679, 655	1, 859. 1
1946	8, 733, 738	2, 058. 3	1956	12, 896, 000	1, 902. 2
1947	10, 496, 200	2, 240. 4	1957	14, 879, 696	2, 090. 1
1948	10, 713, 000	2, 247. 7	1958	[1] 17, 412, 375	2, 237. 8
1949	11, 300, 317	2, 217. 8	1959	[2] 17, 300, 000	[3] 2, 286. 7

[1] Includes $662,375 for cost of pay increase under P. L. 85-462.
[2] Does not include estimated cost of $1,524,000 for pay increase under P. L. 85-462.
[3] Estimated.

The appropriation of $16,750,000 for the fiscal year beginning July 1, 1957, represented an increase of $1,870,304 over the appropriation for the previous year. Of this increase, $846,688 was for contributions to the Civil Service Retirement Fund, a requirement not existing in prior years. The balance of the additional funds was used for the following principal purposes: (1) the handling of the substantial additional load of proceedings; (2) increased enforcement activities; (3) improved railroad safety and car distribution activities; (4) commencement of work on a project to make available directory information concerning motor carrier operating authorities; (5) increased defense mobilization activities, including participation in emergency exercises; and (6) increases in the general cost of operations. The additional workload partially stemmed from the passage of new legislation pertaining to filing of quotations and tenders under Section 22, filing of motor contract carrier actual rate schedules under Section 218, change in definition of contract carrier by motor vehicle, and safety of transportation of migratory workers under Sections 203 (a) and 204 (a).

The regular annual appropriation for the fiscal year beginning July 1, 1958, is $17,000,000, which represents an increase of $250,000 over the previous fiscal year. This increase will be used to cover increased operational costs and the additional workload resulting from legislation passed last year and from the general growth of the transportation industry. Because of the limited additional appropriations, much of this work will have to be absorbed by the existing staff. In addition, the Congress approved a supplemental appropriation of $300,000 to handle the anticipated workload resulting from the passage of the Transportation Act of 1958, approved August 12, 1958.

PRACTICE AND PROCEDURE

The continuing effort to modify and improve the procedures under which Commission cases are processed led to certain further changes during the year. The 71st Annual Report discussed the creation of the Bureau of Operating Rights and the transfer to the Bureau of Finance of all work related to motor-carrier unifications and transfers of motor-carrier certificates and permits. This realignment of functions led to establishment of two boards of employees—the Temporary Authorities Board in the Bureau of Operating Rights and the Transfer Board in the Bureau of Finance—to process work formerly handled by the Motor Carrier Board in the Bureau of Motor Carriers.

Some revision of procedures was made to expedite the work of the two boards. Provision was made, for example, for publication in the Federal Register of synopses of affirmative orders in proceedings under section 212 (b) involving the transfer of motor-carrier certificates and permits, prior to the effective dates of such orders. Such publication provides an opportunity for interested persons to bring pertinent facts to the attention of the Commission and to seek reconsideration or oral hearing before the orders become effective. A petition seeking reconsideration of an affirmative order of the Transfer Board must be filed within 20 days after publication of the synopsis of the order, and a reply may be filed within the succeeding 20 days.

Amendments to the General Rules of Practice included one which provides for publication in the Federal Register of summaries of proceedings under section 212 (c) involving the issuance of common-carrier certificates in lieu of contract-carrier authority. Protests to the issuance of such a certificate may be filed within 30 days after notice of the proceeding is published in the Federal Register.

Another amendment provides that a request for a subpena shall include a "showing of general relevance and reasonable scope of the evidence sought," and permits a request for issuance of a subpena duces tecum to be made orally at a hearing. In addition, new language was added to the rules (section 1.74) to dispel any doubts concerning the burden of going forward in all investigation proceedings, particularly those involving proposed initial rates, as well as rates, fares, charges, rules, regulations, or practices in effect prior to the institution of an investigation on the Commission's own motion, where the burden of proof is not upon the respondent.

Rules to govern the filing of applications for relief from the provisions of section 4, revised and brought up to date in the light of the July 11, 1957, amendment to the section, were also adopted. Fourth-section order No. 18900, dated April 11, 1958, specified the information required in such applications, and the manner of their preparation and filing.

Admissions to Practice

During the year, 648 applicants were admitted to practice. Of this number, 504, or 77.8 percent, were members of the bar of the highest court of their States. The remaining 144, or 22.2 percent, were nonlawyers admitted upon written examination.

The year ended June 30, 1958, was the first full year in which the nonlawyer applicants examined were completely limited to those who met the qualification standard, and 80.1 percent were successful.

When the Commission's qualification standard (basically a minimum of 2 years of college education) was announced on December 1, 1954, to become effective on May 1, 1955, it produced a flood of nonlawyer applications. From December 1, 1954, to June 30, 1958, 2,535 nonlawyer applicants became eligible for examination. Of these, 39.7 percent were not admitted to practice.

The accompanying chart gives a year by year comparison of attorney and nonlawyer admissions to practice since our bar was established on September 1, 1929. Total admissions to June 30, 1958, are 27,110 of which 18,093, or 66.7 percent, were admitted as attorneys, while 9,017, or 33.3 percent, have been admitted as nonlawyers.

LITIGATION INVOLVING ORDERS OF THE COMMISSION

There was an increase in the number of cases which were subject to judicial review in the past year. While these cases represent only a very small fraction of the total number of proceedings determined by the Commission, some of them involve important principles of precedent value which govern the application of the statutes we administer.

During the year the staff of 10 attorneys in the Office of the General Counsel handled 153 cases involving Commission orders in various stages of litigation in the Federal courts. There were 82 cases pending at the beginning of the year, and 71 others were instituted during the year. Of the total, 90 were concluded, 3 are pending in the Supreme Court of the United States, and 60 are pending in the district courts of the United States.

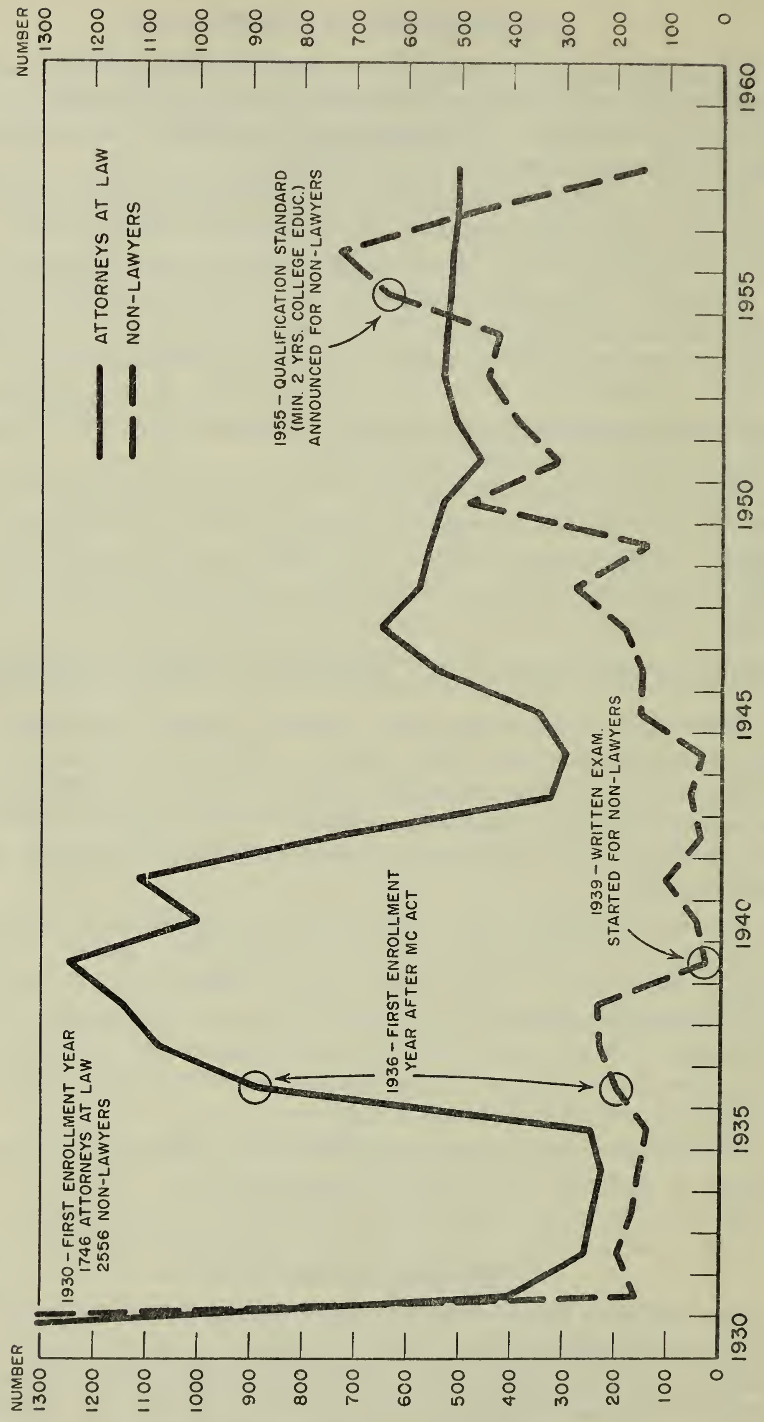
Twenty-seven cases were concluded in the Supreme Court, 1 in a Court of Appeals, and 62 in the district courts.

Some of the more important decisions are discussed below.

Jurisdiction Under Section 5

The Supreme Court summarily reversed the District Court for the Southern District of New York which had set aside our order authorizing Alleghany Corporation, a holding company, to issue new convertible 6 percent preferred stock in exchange for its outstanding 5½ percent preferred stock plus dividend arrearages on the ground

ADMISSIONS TO PRACTICE BEFORE THE INTERSTATE COMMERCE COMMISSION



that we had not approved Alleghany's control of the New York Central Railroad Company system as a necessary preliminary to approval of the stock issue.[3] This was the second time the litigation had been to the Supreme Court. Previously, the Supreme Court reversed a decision of the district court setting aside our order providing that Alleghany should be considered as a carrier pursuant to section 5 (3) and subject to sections 20 (1) through (10) and 20a (2) through (11) (49 U. S. C. 5 (3), 20 (1) through (10), and 20a (2) through (11)). See 71 I. C. C. Ann. Rep. 128 (1957) and 70 I. C. C. Ann. Rep. 151 (1956). In connection with the second reversal, the Supreme Court remanded the case to the district court "for consideration * * * of the only claim that was left open at this Court's prior disposition of this litigation, to wit, whether 'the preferred stock issue as approved by the [Interstate Commerce] Commission was in violation of the Interstate Commerce Act.'" Thereafter, the district court sustained our order authorizing the securities issued.[4]

The Supreme Court, in a 5 to 4 decision, reversed a judgment of a district court which had sustained our order under section 5 (2) (49 U. S. C. 5 (2)) authorizing Pacific Greyhound Lines to transfer intrastate and interstate operating rights and physical properties to a new corporation, Golden Gate Transit Lines, and to simultaneously acquire control of Golden Gate through acquisition of all of its capital stock. The Supreme Court held that we lacked authority to authorize the transaction as it did not involve an acquisition of control by one carrier of another. Viewing section 5 (2) as being concerned with mergers, consolidations, or unifications generally of carriers, the Court pointed out that Golden Gate was a mere corporate shell without property or function; that at the plan's consummation the "acquisition" would amount to little more than a paper transaction; and that, in reality, it involved a splitup, beyond the purpose and language of the section.[5]

The Supreme Court affirmed, summarily, the decision of a district court upholding our order authorizing the merger of the Nashville, Chattanooga & St. Louis Railway Company into the Louisville and Nashville Railroad Company.[6] The district court had held *inter alia* that we are empowered to authorize the merger of two railroads without regard to the laws of any State, except those provisions governing

[3] *Alleghany Corporation* v. *Breswick & Co. et al.*, 355 U. S. 415, opinion below 156 F. Supp. 227; (*Alleghany Corporation Stock*, F. D. No. 18866).

[4] *Breswick & Co. et al.* v. *United States et al.*, 160 F. Supp. 754.

[5] *County of Marin et al.* v. *United States et al.*, 356 U. S. 412, opinion below 150 F. Supp. 619; (*The Greyhound Corporation—Control; Pacific Greyhound Lines—Control; Golden Gate Transit Lines—Purchase Portion—Pacific Greyhound Lines*, 65 M. C. C. 347, Docket No. MC–F–5643, and *Pacific Greyhound Lines, San Francisco, Calif.*, Docket No. MC–1511 (Sub-No. 103)).

[6] *City of Nashville et al.* v. *United States et al.*, 355 U. S. 63, opinion below 155 F. Supp. 98; (*Louisville & Nashville R. Co.—Merger*, 295 I. C. C. 457, F. D. No. 18845).

the size of the stockholder vote required for approval of a merger, and that there had been no violation of applicable antitrust laws.

A district court sustained our order which authorized the Union Pacific Railroad Company to acquire control of the Spokane International Railroad pursuant to a plan calling for an exchange of not less than 80 percent of the Spokane International's outstanding capital stock for common stock of the Union Pacific.[7] Various other railroads had opposed the application of the Union Pacific, urging that the Spokane International should remain independent or that, in the alternative, they should be included in the acquisition of control. As a further alternative, certain of the opposing railroads sought sole control. The court held that we had reached a permissible conclusion which was supported by adequate findings and substantial evidence, and that our action in dispensing with an examiner's proposed report was not arbitrary, prejudicial, in excess of our powers, or a denial of due process.

Motor Carrier Operating Authority

Reversing the judgment of a district court, the Supreme Court held invalid an order of the Commission denying an application for a motor carrier certificate of public convenience and necessity.[8] The Court held, among other things, that in determining matters involving applications for certificates of public convenience and necessity which are being contested by carriers of other modes of transportation, the Commission in applying the provisions of the National Transportation Policy, must weigh "The ability of one mode of transportation to operate with a rate lower than competing types of transportation which is precisely the sort of inherent advantage that Congressional policy requires the Commission to recognize."

Interpretation of Motor Carrier Operating Authority

The Supreme Court affirmed the decision of a district court which had upheld a cease and desist order in an investigation proceeding, in which we had found, contrary to the contention of the carrier, that the phrase contained in its "grandfather" permit, "stock in trade of drug stores" authorized the transportation of only commodities which were consigned to a drugstore or which were intended for ultimate delivery to a drugstore.[9] The carrier contended that we had misin-

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[7] *Canadian Pacific Railway Company, et al.* v. *United States, et al.*, 158 F. Supp. 248: (*Spokane International Railroad Company—Control*, F. D. No. 19315, and *Union Pacific Railroad Company Stock*, F. D. No. 19316, 295 I. C. C. 425).

[8] *Schaffer Transportation Co.* v. *United States*, 355 U. S. 83; opinion below 139 F. Supp. 444: (*Schaffer Extension—Granite*, Docket No. MC-93529 (Sub-No. 2), 63 M. C. C. 247).

[9] *Andrew G. Nelson, Inc.* v. *United States et al.*, 355 U. S. 554, rehearing denied 356 U. S. 934, opinion below 150 F. Supp. 181; (*Andrew G. Nelson, Inc.—Investigation of Operations*, Docket MC-C-1610, 63 M. C. C. 407).

terpreted its permit, and by our order had imposed restrictions upon it which did not exist. The Supreme Court said that if the permit does not correctly reflect the scope of the "grandfather" operation the carrier's recourse is to petition us to reopen the "grandfather" proceedings for consideration of the evidence not previously brought to our attention.

Motor Carrier Operations by Railroads

The Supreme Court, in affirming a district court decision, sustained our order authorizing the grant to a motor carrier subsidiary of a railroad of a certificate of public convenience and necessity to engage in general-commodity regular-route motor carrier operations across the State of Iowa, subject only to conditions requiring the reporting of contracts between the subsidiary and its rail parent and reserving to us the power to impose conditions in the future.[10] The plaintiffs, competing motor carriers and certain railway labor organizations, insisted that the proviso to section 5 (2) (b) applicable to mergers and acquisitions, required us to impose such auxiliary-and-supplemental service restrictions in authorizing new or additional motor-carrier service by a rail subsidiary under section 207; that we had permitted the section 207 proceedings in this case to be used as a device to evade the section 5 (2) (b) proviso restrictions; and that in any event we did not have sufficient evidence upon which to base a finding of public convenience and necessity. The Supreme Court held that the section 5 (2) (b) proviso is not to be read as a rigid limitation upon the issuance of certificates to a rail subsidiary for new or additional motor-carrier service, that the policy underlying the proviso is flexible enough to permit us to authorize a railroad affiliate to perform unrestricted motor-carrier service in "special circumstances" and that our finding of public convenience and necessity was supported by the evidence.

Rate Suspension Procedure

A three-judge district court whose members had previously issued restraining orders against the Commission directing it to suspend rates, after hearing, dissolved the restraining orders and held that the Commission's action in declining to suspend operation of new tariffs was not subject to judicial review.[11]

A three-judge district court dismissed, for lack of jurisdiction, a complaint attacking the Commission's refusal to suspend a rate and

[10] *American Trucking Assns., et al.* v. *United States et al.,* 355 U. S. 141, opinion below, 144 F. Supp. 365; (*Rock Island Motor Transit Co. Common Carrier Application,* Docket No. MC–29130 (Sub-No. 70), 63 M. C. C. 91).

[11] *Coastwise Line* v. *U. S. and I. C. C.,* 157 F. Supp. 305; (*Newsprint Paper—British Columbia to Pacific Coast Points,* I. and S. Docket No. 6752).

an order granting temporary fourth-section relief.[12] Plaintiffs had relied upon the similarity between the Commission's actions set aside by the court in *Amarillo-Borger* v. *United States*, 138 F. Supp. 411, declared moot by the Supreme Court in 352 U. S. 1028, regarding reviewability of rate suspension actions by the Commission, and *Dixie Carriers, Inc.* v. *United States*, 143 F. Supp. 844, appeal dismissed for mootness, 355 U. S. 179, regarding reviewability of temporary fourth section relief orders.

Intrastate Rates and Fares

The Supreme Court affirmed, with modifications, the judgment of a district court setting aside our orders prescribing increases in the intrastate and interstate fares within the Chicago suburban area of a railroad.[13] The suburban service was being performed at an out-of-pocket loss. Relying on the finding of a revenue discrimination against interstate commerce, we ordered an increase in fares which would cover out-of-pocket costs and make some contribution to indirect costs. However, the court held that in determining whether the fares for the particular service cause an undue revenue discrimination against interstate commerce, we must take into consideration the entire intrastate operations, both freight and passenger. This, of course, places an extreme burden upon the carrier, and requires a separation by cost finding methods of the interstate and intrastate expenses, which, in fact, are so inextricably intertwined that they cannot be separated without resort to arbitrary apportionment.[14]

Reversing the judgment of a district court, the Supreme Court, by a vote of 5 to 4, held invalid a Commission order requiring the railroads operating in Utah to establish, with certain exceptions, intrastate freight rates reflecting the general increases previously authorized by the Commission for application on corresponding interstate traffic.[15] The Court found the record deficient because of lack of positive showing of the relative cost of intrastate transportation as compared with interstate transportation. Contrary to the view prevailing for many years, the Court also held that a mere showing that both types of traffic are intermingled on the same trains is not sufficient to establish that all material factors bearing on the reasonableness of

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[12] *A. L. Mechling Barge Lines, Inc., and Cargill, Inc.* v. *U. S. A., I. C. C. and New York Central R. Co.*, U. S. D. C., N. D. of Illinois, Eastern Div., C. A. 57C–1450 (*Corn and Corn Products Illinois to Official Territory*, Fourth Section Order No. 18784).

[13] *Chicago, M., St. P. & P. R. Co.* v. *Illinois*, 355 U. S. 300, opinion below 146 F. Supp. 195; (*Chicago Intrastate Suburban Fares of Milwaukee Railroad*, Docket No. 31742, 297 I. C. C. 353).

[14] The Transportation Act of 1958 abrogated the effect of this decision.

[15] *Public Service Com'n of Utah* v. *United States*, 356 U. S. 421; opinion below 146 F. Supp. 803; (*Utah Intrastate Freight Rates and Charges*, Docket No. 31484, 297 I. C. C. 87).

rates were substantially the same. Following its precedent established in the *Chicago Suburban Fares* case referred to above, the Court also held that the entire intrastate operations (including passenger service) must be considered.

On the same day the Supreme Court handed down its opinion in the *Utah* case, it also affirmed the judgment of a district court upholding the action of the Commission in finding that existing intrastate rates on certain commodities moving within the State of Minnesota caused an undue revenue discrimination against interstate commerce.[16] No Commission order was involved, because, after the Commission issued its report, the State Commission allowed the railroads to increase their intrastate rates, and therefore did not appear in the court action.

Rates From North Atlantic Ports on Imported Iron Ore

The Supreme Court, in a per curiam order, affirmed in part and vacated in part a decree entered by a district court in an action attacking our order in which we had placed on a parity rail rates on imported iron ore from New York, Philadelphia, and Baltimore to Central Freight Association points.[17] The district court had set aside that portion of our order which approved reduced rates from New York, remanded to us for more explicit findings that portion of our order which had approved reduced rates from Philadelphia, and upheld that portion of our order which had disapproved a further reduction in rates from Baltimore. The Supreme Court affirmed that portion of the lower court's decree which remanded the proceeding to us for further findings with respect to the Philadelphia rates, and also affirmed that portion of the decree which upheld our disapproval of the further reduction in the Baltimore rates, but vacated that portion of the decree which set aside our approval of the New York rates. The Supreme Court said that upon remand the Commission "should be free to reconsider and take action upon the New York schedules" as well as the Philadelphia rates.

Per Diem Charges for Railroad Cars

A district court remanded to us, for more specific findings, our report and order, issued in the nature of a declaratory order, in which we had found that the per diem charges established by participating railroads in 1947, and subsequently increased, for the use of freight

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[16] *North Western-Hanna Fuel Co. et al.* v. *United States,* 356 U. S. 581; opinion below 161 F. Supp. 714; (*Minnesota Intrastate Freight Rates and Charges,* Docket No. 31798, 300 I. C. C. 201).

[17] *Interstate Commerce Commission* v. *Baltimore & O. R. Co.,* 355 U. S. 175, opinion below 151 F. Supp. 258; (*Iron Ore from Eastern Ports to Central Freight Ass'n Points,* I. and S. Docket No. 6074; 291 I. C. C. 527 and 299 I. C. C. 195).

cars were not excessive.[18] The court, after first holding that we had jurisdiction over the controversy and that we were empowered to issue a declaratory order, found that we had failed to set forth in detailed findings our reasons for rejecting a time-mileage plan proposed by certain of the railroads as more equitable than the plan approved. The court also criticized several of the elements embodied in the formula used in computing compensation under the approved per diem plan, but stated that such discussion was for the future guidance of the Commission and did not constitute a basis for setting aside the order.

Abandonments and Extensions

Orders entered by us under section 1 (18) and (20) permitted two railroads to abandon passenger ferries between Weehawken, N. J., and 42d and Cortlandt Streets, New York City, and between Jersey City, N. J., and Chambers Street, New York City, although the railroads will continue to render their car float and lighterage service across the Hudson River.[19] These orders were set aside by a district court on the ground that the proposed transactions involved only a curtailment of service, rather than a total abandonment of a line of railroad subject to our jurisdiction under section 1 (18) and (20). These decisions have been appealed to the Supreme Court, and probable jurisdiction has been noted.[20]

The Supreme Court affirmed the decision of a district court upholding our order which denied the application of the Nashville, Chattanooga & St. Louis Railroad Company, which has since been merged with the Louisville and Nashville Railroad Company, seeking authority to construct and operate a new track.[21] We had held that the proposed track was an extension over which we have jurisdiction under section 1 (18) and not a spur as contended by the applicant, and that the evidence adduced did not warrant the construction and operation of the proposed track in competition with existing tracks of other railroads.

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[18] *Boston & Maine Railroad et al.* v. *United States et al.*, 162 F. Supp. 289; (*Chicago Burlington & Quincy Railroad Co. et al.* v. *New York, Susquehanna & Western Railroad Company, et al.*, Docket No. 31358, 297 I. C. C. 291).

[19] *Board of Public Utility Commissioners of the State of New Jersey et al.* v. *United States et al.*, 158 F. Supp. 98 and 158 F. Supp. 104; probable jurisdiction noted, 357 U. S. 917; (*New York Central Railroad Company Ferry Abandonment*, Docket No. 18781, 295 I. C. C. 385 and 295 I. C. C. 519; and *Erie Railroad Company Ferry Abandonment*, Docket No. 19247, 295 I. C. C. 549 and 295 I. C. C. 599).

[20] The Transportation Act of 1958 gives the Commission jurisdiction over curtailment of service.

[21] *State of Georgia et al.* v. *United States et al.*, 356 U. S. 273, opinion below 156 F. Supp. 711; (*Nashville, Chattanooga & St. Louis Railway, et al.—Construction*, F. D. No. 18942, 295 I. C. C. 363).

Agricultural Commodity Exemptions

The Supreme Court granted a motion to affirm that portion of the decision of a district court, referred to in the last annual report, holding, contrary to our interpretation, that powdered milk, dried egg powder, dried egg yolks, buttermilk and quick frozen fruits and vegetables are exempt "agricultural commodities" within the meaning of section 203 (b) (6).[22]

Cancellation of Routes

A district court upheld our order which required cancellation of certain schedules by which the Southern Railway Company and its system lines proposed to cancel through routes for freight traffic embracing the lines of the Tennessee, Alabama & Georgia Railway Company as an intermediate carrier.[23] The lower court sustained, and the Supreme Court affirmed, our holding that the proponents of the schedules had not borne the burden of proving that cancellation of the through routes was consistent with the public interest, and that the proposed schedules were just and reasonable.

The Supreme Court affirmed, summarily, a decision of a district court upholding our order requiring the Southern Railway Company and certain other Southern Railway system railroads to join in joint carload rates on fine coal from origin mines on the Louisville and Nashville Railroad, the Interstate Railroad, and the Norfolk and Western Railway in Kentucky, Tennessee, and Virginia to destinations in North Carolina and South Carolina served by the Southern over routes embracing the Carolina, Clinchfield, and Ohio Railway or the Georgia Railroad, as an intermediate carrier, which shall not exceed the lowest joint carload rates on fine coal contemporaneously in effect over any route from and to the same points.[24] By means of routing restrictions, the Southern limited its participation in reduced rates (the result of a blanket rate reduction concurred in by all carriers participating in the fine-coal traffic) to routes over which it received its longest haul, and declined to participate where the Clinchfield or the Georgia serves as an intermediate carrier. As a result, the latter routes were denied the reduced rates and coal ceased to

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[22] *Interstate Commerce Commission* v. *Frozen Food Express*, 355 U. S. 6; opinion below 148 F. Supp. 399; (*Determination of Exempted Agricultural Commodities*, Docket No. MC-C-968, 52 M. C. C. 511).

[23] *The Alabama Great Southern Railway Company et al.* v. *United States et al.*, 162 F. Supp. 614. (*Cancellation of Routing—Tennessee, Alabama & Georgia Railway Company with Southern Railway*, I. and S. Docket No. 6413, 300 I. C. C. 515).

[24] *Southern Railway Company et al.* v. *United States and Interstate Commerce Commission*, 355 U. S. 283, opinion below 153 F. Supp. 57; (*Carolina, Clinchfield & Ohio Railway et al.* v. *Southern Railway Company et al.*, Docket No. 31863, 299 I. C. C. 335).

move over them. The district court had sustained our findings that (1) the routes via the Clinchfield or the Georgia are existing through routes so that our power to prescribe just and reasonable rates over them is not limited by the provisions of section 15 (4), and (2) the higher joint rates on fine coal applicable over those routes are unjust and unreasonable to the extent that they exceed the reduced joint carload rates applicable over the other routes from and to the same points.

LEGISLATION AND LEGISLATIVE ACTIVITIES

During the second session of the 85th Congress, our attention, and the attention of the surface transportation industry, and of users and other interested persons, was focused on the timely and extensive inquiries conducted by the Senate and House Interstate and Foreign Commerce Committees into the overall health of the industry and the plight of the railroads in particular. Well over 100 witnesses appeared and testified at these hearings describing in detail the many complex factors contributing to the deteriorating position of the rail carriers. Representatives of the Commission followed these proceedings closely, and a considerable amount of our time was devoted to studying and analyzing the wide divergence of views offered with respect to the causes of and solutions to these difficult problems.

In our testimony we undertook to identify the various problems of the railroad industry which, in our judgment, were the major contributing factors to the financial and economic difficulty in which some of the railroads found themselves. We also undertook to point out certain areas in which the railroads might help themselves without further action by the Congress or the Commission. In addition, members of the Commission and its staff testified and offered suggestions respecting a number of specific legislative proposals designed to alleviate the conditions which railroad representatives and other witnesses had described. In a further effort to be helpful to the Congress in this connection, we submitted detailed comments on the differences between the House and Senate passed versions of the legislation introduced at the close of these hearings.

The hearings, which extended over a period of nearly 5 months, culminated in the enactment of S. 3778, the "Transportation Act of 1958," approved by the President on August 12, 1958 (Public Law 85–625). The new law provides, in brief, that the Commission may guarantee loans to railroads on behalf of the Government, clarifies the Commission's jurisdiction over intrastate rates, confers upon the Commission jurisdiction over the discontinuance or change in certain passenger-train operations or services, amends the rule of ratemaking, restricts further judicial expansion of the agricultural commodity

exemptions, and provides a more effective means of coping with the problem of pseudo-private carriage by motor vehicle by writing into the statute the primary business test applied in the *Lenoir Chair* case (*Brooks Transportation Co.* v. *United States*, 340 U. S. 925).

The amendment to the agricultural commodity exemptions incorporated by reference Administrative Ruling No. 107 of the Commission's Bureau of Motor Carriers which contains a comprehensive list of commodities made exempt or nonexempt under the new statute. We have, for convenience of reference for anyone interested in the list, ordered that ruling No. 107 be published in the Federal Register and that it be codified in the Code of Federal Regulations. This action was deemed desirable since the list does not appear directly in the statute. We also called the Code citation, 49 C. F. R. 210.25, to the attention of the Law Revision Counsel of the House Committee on the Judiciary, and it is our understanding that it will be included as a footnote in the United States Code for purposes of cross-reference.

Also of considerable interest to the Commission was the adoption by the Senate, on June 23, 1958, of S. Res. 303 providing for a comprehensive study of the national transporation policy and related problems.

In a statement submitted early in the session to the Chairman of the House Ways and Means Committee, we pointed out and discusssed in detail the serious adverse effect which the transportation excise taxes were having on the Nation's public transportation system and urged that favorable consideration be given to pending bills providing for their repeal. Similar action was recommended in our report to that committee on two specific proposals to amend the Internal Revenue Code. While the subsequent repeal of the excise taxes on the transportation of property should prove to be of substantial benefit to the carriers and the general public (Public Law 85–475), it is hoped that the removal of this burdensome and discriminatory wartime measure will be followed by repeal early in the next Congress of the 10-percent tax on the transportation of persons, another special wartime measure which has served to divert much needed revenues from carriers which continue to suffer heavy losses from passenger operations.

Since our last annual report we have responded to 40 requests from the chairmen of the various congressional committees and subcommittees for reports on bills, resolutions, and other matters, bringing such responses for both sessions of the 85th Congress to a total of 121. During the past session, 3 new amendments resulting from our annual report recommendations were signed into law, making a total of 12 such recommendations which became law during the 85th Congress. Two of these enactments, the amendments to section 203 (b) (6) and section 203 (c), relating to the agricultural commodity

exemptions and illegal carriage, respectively, were incorporated into the "Transportation Act of 1958." The other, S. 1386, which amended the power or train brake provisions of the Safety Appliance Acts, was approved by the President on April 11, 1958 (Public Law 85–375).

Other bills enacted during the last session of Congress affecting our jurisdiction and functions were H. R. 982 (Public Law 85–515) and H. R. 12217 (Public Law 85–824) which amended sections 77 (c) (6) and 77 (c) (2), respectively, of the Bankruptcy Act, relating to railroad reorganization proceedings. Also enacted was S. 377 (Public Law 85–762) which amended the Interstate Commerce Act and the Transportation Act of 1940 with respect to the statute of limitations on actions or claims for the recovery of charges or overcharges for the transportation of persons and property, including claims and actions involving Government traffic.

During the year, members of the Commission or staff representatives also appeared and testified at 14 hearings at the request of the chairmen of various congressional committees and subcommittees. We presented testimony on 10 bills and on such matters as the Department of Justice consent decree program as it relates to oil pipelines, a general survey of the Commission's jurisdiction and functions, and appropriations. This brought the number of hearings in which members of the Commission or its staff participated during the 85th Congress to a total of 29, and the number of bills on which testimony was given to a total of 66.

Under the Alaska statehood bill, H. R. 7999 (Public Law 85–508), the provisions of the Interstate Commerce Act, and related acts, will apply to transportation within Alaska and between Alaska and the other 48 States and foreign countries to the same extent they now apply to transportation in the other States, except that the Commission will have no jurisdiction over the Government owned and operated Alaska Railroad nor over transportation by water between ports in Alaska and other ports in the United States, its territories, or possessions. In our report on S. 49, the Senate statehood bill for Alaska, we recommended that the Commission be given jurisdiction over such water transportation and that the Alaska Railroad be made subject to economic regulation by the Commission. We will continue to study this situation and will renew our recommendations in this connection.

Also noted with interest during the last session was the introduction of an additional proposal which would materially affect the administrative process. This bill, S. 4094, would, if enacted, make extensive changes in the Administrative Procedure Act. We were not, however, asked to submit a report on this measure.

For the reasons stated in the next chapter of this report entitled "Legislative Recommendations," our proposals this year have been

kept to a minimum. We will, however, continue to follow the policy established several years ago of submitting for consideration by the appropriate committees draft bills designed to implement our recommendations.

LEGISLATIVE RECOMMENDATIONS

In view of the comprehensive study of transportation policy and related problems to be undertaken by the Senate Interstate and Foreign Commerce Committee under S. Res. 303, and the fact that there has not been a sufficient lapse of time in which to gain experience under the recently enacted Transportation Act of 1958, we deem it advisable to hold our recommendations to a minimum.

In keeping with the advice of the Senate Interstate and Foreign Commerce Committee in its report of June 3, 1958, on S. 3778, we are conducting a careful survey and study of our duties and responsibilities under the Interstate Commerce Act, and related acts, with a view toward suggesting legislation, if any is needed, to reduce our sphere of action to matters fundamentally affecting transportation. Our recommendations in this connection will be submitted to the Congress as soon as practicable.

With respect to the regulation of surface transportation in interstate and foreign commerce to, from, and between points in Alaska as a State, we are keeping ourselves currently informed of the situation by means of continuing surveys, and we will submit our recommendations, together with draft bills, to the Congress for its consideration separately.

1. We recommend (*a*) that section 1 (15) be amended so as to authorize the Commission to direct the assessment of penalty per diem charges as an aid in alleviating shortages of railroad freight cars during periods of emergency or threatened emergency, or (*b*) that section 1 (14) be amended so as to authorize the Commission to include as a factor in determining the amount of per diem charge, the earning power or value of the use of the vehicle lost to the owner when used or appropriated by others.

At various times during the last 12 years, the Nation has been faced with a critical shortage of freight cars. The greatest contributing factors have been inadequate car ownership and failure of some carriers to utilize the existing fleet efficiently. We believe that this situation could be improved substantially either through the imposition of a penalty per diem charge during periods of emergency, or by including as a factor in determining the amount of per diem charge the earning power or the value of the vehicle lost to the owner when it is used or appropriated by other carriers. Enactment of either part of this recommendation, in our view, would accomplish the neces-

sary objective, which is to encourage increases in freight car inventories.

The first alternative proposal has been included as a specific recommendation in our annual reports since 1955. Hearings were held on a Senate bill, introduced at our request, during the 84th Congress, but no further action was taken thereon. Companion bills, S. 942 and H. R. 3626, implementing the recommendation contained in our 70th Annual Report, were introduced during the 85th Congress. A hearing was held on H. R. 3626, but no committee report was issued. No action was taken on S. 942.

The second alternative proposal was made for the first time last year. S. 2030 and S. 3217, introduced during the 85th Congress, would have given effect to this suggested amendment, but no hearings were held thereon.

2. We recommend that section 208 (c), which automatically gives special or charter service rights to common carriers by motor vehicle, be amended to make it inapplicable to carriers issued certificates in the future.

Authority to operate as a motor common carrier of passengers over regular routes carries with it the incidental right to engage in charter service from points on the route to all points in the United States. Because of this provision in the law, carriers have frequently sought authority to perform passenger service over short regular routes solely for the purpose of obtaining the incidental charter rights. In addition, some carriers engage in the practice of conducting only token operations over their authorized routes in order to retain the right to perform such nationwide charter service. These and other abuses have resulted in a surplus of charter operators, all to the detriment of sound conditions in this segment of the motor carrier industry.

An amendment requiring future applicants to show the need for concomitant special services would serve to correct this situation without affecting the rights of presently authorized carriers.

This recommendation has been included in our annual reports since 1955. Companion bills, S. 1459 and H. R. 5660, giving effect thereto were introduced during the 85th Congress. S. 1459 was passed by the Senate and a hearing was held on both bills on the House side, but they were not reported out by the House committee.

3. We recommend that section 212 (a) be amended in the following respects: (1) to make motor carrier operating authorities subject to suspension, change, or revocation for willful failure to comply with any rule or regulation lawfully promulgated by the Commission; (2) to make the revocation procedure therein prescribed conform to the procedure provided in section 410 (f) of the act by eliminating the term "willfully" in the first proviso; and (3) to provide that the Commission may, upon reasonable notice, suspend motor carrier operating authorities for failure to comply with insurance regulations issued by it pursuant to section 215 thereof.

The present language of section 212 (a) precludes us from suspending or revoking a certificate except for failure to comply with the provisions of part II of the act "or with any * * * regulation of the Commission promulgated *thereunder* * * *" [Emphasis supplied]. The Commission, however, prescribes regulations under the authority of laws other than the provisions of part II of the Interstate Commerce Act. Regulations are prescribed, for example, under the Transportation of Explosives Act. Since these regulations are not promulgated under part II of the Interstate Commerce Act, the Commission is powerless to suspend or revoke the carrier's authority for willful or continued noncompliance. Enactment of part (1) of the recommended amendment would enable us to cope more effectively with serious violations of *any* of our applicable rules or regulations.

The permit of a freight forwarder may be revoked, under the provisions of the first proviso of section 410 (f), for failure to comply with a Commission order which has commanded compliance with the provisions of part IV, a rule or regulation issued by the Commission thereunder, or the terms, conditions, or limitations of its permit. A motor carrier's certificate or permit cannot be revoked for failure to obey such a compliance order, however, in the absence of a showing that such failure, or refusal, to comply was willful. Once disobedience of the compliance order has been established, a further showing of willfulness should not be required before the operating rights of motor carriers may be revoked. Proof of disobedience should be sufficient.

Under the second proviso in section 212 (a), motor carriers' and brokers' operating authorities may be suspended, upon notice but without hearing, for failure to comply with brokerage bond regulations and tariff publishing rules. No provision is made, however, for suspension, on notice, for failure to file proof of cargo, public liability, and property damage insurance.

This recommendation has been included in our last three annual reports. Bills, H. R. 5331 and S. 1461, giving effect thereto, and on which hearings were held, were introduced during the 85th Congress. S. 1461 was passed by the Senate, but no report was issued by the House committee.

4. We recommend that part III of the act be amended by adding after section 312 a new section (312a) containing provisions for revocation of water-carrier certificates or permits for nonuse.

A number of water carrier operating authorities presently outstanding are not being used. It is not in the public interest that such dormant rights be permitted to remain in effect indefinitely since the existence thereof acts as a deterrent to the institution of new operations. It also makes it difficult to determine the extent to which duplicating new authorities should be granted. Part III of the act, however, does not specifically provide revocation authority and pro-

cedure such as are found in parts II and IV thereof. Enactment of this recommended amendment would eliminate any doubt respecting our authority to revoke certificates or permits for willful failure to operate.

This suggested amendment was included as a part of a recommendation made in 1948, and has been repeated in our annual reports for the years 1950 through 1957. One bill implementing the recommendation was introduced in the Senate during the 84th Congress, but no further action was taken thereon. Companion bills, H. R. 3773 and S. 941, also giving effect thereto were introduced during the 85th Congress but no hearings were held on these bills.

5. (*a*) We recommend that section 10 of the Clayton Antitrust Act (15 U. S. C., sec. 20) be amended so as to increase the limitation on exemption from competitive bidding to a more realistic amount in the light of present-day conditions.

(*b*) We also recommend that section 11 of the Clayton Act (15 U. S. C., sec. 21) be amended to provide that the Commission's jurisdiction shall include contract carriers as well as common carriers subject to the Interstate Commerce Act, and that section 8 thereof (15 U. S. C., sec. 19), relating to interlocking directorates, be amended to make the exemption therein apply to all common and contract carriers subject to the Interstate Commerce Act to the same extent that it now applies to common carriers subject to parts I and II thereof.

(*c*) In addition, we recommend that sections 5 (a) (6), 6 (a), and 6 (b) of the Federal Trade Commission Act (15 U. S. C., sec. 45 (a) (6), 46 (a), and 46 (b)), relating to unfair trade practices, investigations and reports, respectively, be amended so as to make the common-carrier exemptions therein provided applicable also to contract carriers subject to the Interstate Commerce Act.

The $50,000 limitation in section 10 of the Clayton Act with respect to dealings, without competitive bidding, in securities and supplies between common carriers and other corporations having directors or certain officers and agents in common was fixed in 1914. In view of the increase in cost of material, labor, and supplies which has occurred over the years since the amount of this limitation was first established, we believe that this limitation should be increased to an amount more in keeping with present-day conditions. Such an amendment, in our opinion, would be consistent with the spirit of the statute and at the same time prevent the requirements thereof from becoming unnecessarily burdensome.

The Commission's jurisdiction under section 11 of the Clayton Act extends only to "common carriers" subject to the Interstate Commerce Act. It thus appears that under section 7 of the Clayton Act, jurisdiction over the acquisition by one corporation of stock in another corporation, where the effect would be to substantially lessen competi-

tion, would be in the Federal Trade Commission where contract carriers are involved. At the same time, this Commission would have jurisdiction under section 5 of the Interstate Commerce Act over the establishment of control over two or more carriers. A somewhat similar situation arises under section 8 of the Clayton Act which prohibits interlocking directorates in violation of the antitrust laws. The exemption in that section, however, applies to rail and motor common carriers subject to the Interstate Commerce Act, but not to common carriers by water, freight forwarders, or motor and water contract carriers.

Since we now exercise jurisdiction over various activities and practices of these carriers, including the issuance and transfer of operating rights, it seems logical and appropriate that we have jurisdiction over them with respect to these matters. In order to afford common and contract carriers similarity of treatment, we also recommend that the common-carrier exemptions in sections 5 and 6 of the Federal Trade Commission Act be amended to include contract carriers subject to the Interstate Commerce Act.

The suggested amendments would serve to avoid the possible imposition of conflicting requirements upon such carriers, and would promote consistency in the application of these laws to carriers which are subject to the Interstate Commerce Act.

The recommendation to amend section 11 of the Clayton Act has been included in our annual reports since 1956, and companion bills, H. R. 5329 and S. 1385, were introduced at our request during the 85th Congress to give effect thereto. S. 1385 was passed by the Senate, but no further action was taken thereon. The recommended amendments to section 8 of the Clayton Act and to sections 5 and 6 of the Federal Trade Commission Act were made for the first time last year. No action was taken on these proposals. The proposed amendment to section 10 of the Clayton Act is new.

6. We recommend that the Federal statutes commonly known as the Transportation of Explosives Act (18 U. S. C., secs. 831–835) be completely rewritten in the light of important developments relating to this subject which have occurred in the 36 years since the last revision of these statutes, and in this connection recommend that they be amended so as to include specifically radioactive materials and be made to apply to contract and private carriers as well as common carriers.

The Transportation of Explosives Act has been in the need of extensive revision for a number of years. In view of the continued trend toward the greater use of motor vehicles in the transportation of explosives and other dangerous articles, the act should be amended to apply to contract and private motor carriers. The suggested amendment would also remove the present anomaly of having motor common carriers subject to maximum penalties of $10,000 or 10 years

imprisonment, or both, for violations of the Explosives Act, while subjecting contract and private carriers to a maximum penalty of $500 under section 222 (a) of the Interstate Commerce Act for the very same offense.

While radioactive and nuclear materials are not specifically mentioned in the act, we have prescribed regulations for the safe transportation thereof by classifying them as "poisons." We believe that the act should be amended in this connection to remove any doubt as to our authority to prescribe such regulations. Revision of the act is also deemed necessary to include the transportation of etiologic agents, such as live viruses and bacteria, which cannot be classified as poisons since poisons are not composed of living organisms.

Additional changes in the act, chiefly of a clarifying and technical nature, are also considered necessary and desirable.

This recommendation has been made in our annual reports since 1954. Bills, S. 1491 and H. R. 5629, giving effect thereto were introduced in the 85th Congress. Hearings were held on both bills and S. 1491 was passed by the Senate. Neither bill was reported out by the House committee.

7. We recommend that chapter 157, title 28 of the United States Code entitled "Judiciary and Judicial Procedure," be amended so as to provide that suits to set aside Commission orders shall be brought against the Commission instead of the United States, with the right of the Government, through the Attorney General, to intervene in any case.

Under existing statutes providing for review of Commission orders by three-judge district courts, the United States, represented by the Department of Justice, is the statutory defendant. The Commission has a statutory right to intervene in such proceedings, and it does so regularly through its own attorneys.

On a number of occasions the Department has refused to defend our orders. In other cases it has attempted to confess error against us. In still others, the Department, after having joined in the defense of an order before the district court, has reversed its position and attacked the order in the Supreme Court. This has, of course, seriously embarrassed the orderly defense of our orders.

We do not conceive it to be the function of the Department of Justice to determine whether our orders are right or wrong. We believe, instead, that the Congress expected the Department to defend them.

The suggested amendment would remove this source of difficulty, and would provide the Commission with an effective means of defending its orders in the Federal courts. The Department would still have the right to intervene in any case involving the review of a Commission order. Enactment of this proposal would have the added ad-

vantage of eliminating the extreme difficulty we have sometimes experienced in ascertaining the nature of the action instituted against an order due to the failure of the plaintiff to furnish the marshal with sufficient copies of the complaint to make service upon the Commission.

This recommendation has been included in our annual reports, without basic change, since 1954. It differs from our prior proposals only to the extent that the Department of Justice would be permitted to intervene in *any* case involving a Commission order, without limitation. Companion bills, S. 1721 and H. R. 6085, were introduced at our request during the 85th Congress to implement this recommendation. A hearing was held on S. 1721, but no further action was taken on either bill.

8. We recommend that section 5 (10) be amended so as to make gross operating revenue, instead of the number of vehicles owned or operated, the basis for determining whether a proposed unification or acquisition of control is exempt from the provisions of section 5.

One of the tests for determining whether a proposed transaction is exempt from the provisions of section 5 is whether or not the aggregate number of motor vehicles owned, leased, controlled, or operated by the parties, for purposes of transportation subject to part II of the act, exceeds 20. Experience has shown that this test is difficult to apply and that it presents numerous possibilities of evasion.

The substitution of gross operating revenues as a test would provide a more reliable criterion for making such determination.

This was a new recommendation last year. Companion bills, S. 3103 and H. R. 9914, were introduced to implement the proposed change, but no hearings were held thereon.

New Recommendations

9. We recommend that section 222 (b) be amended to enable the Commission in enforcement proceedings to obtain service of process upon motor carriers and to permit the joining of any other necessary party without regard to where the carrier or other party may be served.

Under the provisions of section 222 (b) we are authorized to institute proceedings to enjoin unlawful motor-carrier operations or practices in the United States district court of any district through which a carrier operates. However, Rule 4 (f) of the Federal Rules of Civil Procedure limits the service of process in such proceedings to the territorial limits of the State in which the court sits.

It is frequently necessary to join as parties defendant those shippers who make use of the services of a carrier engaging in an unlawful practice, when such shippers may be interested in or affected by the decision of the court. In some instances we have been unable to

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obtain service of process upon both the carrier and the shipper because they are not located within the territorial limits of the same State.

The decision in *Interstate Commerce Commission* v. *Blue Diamond Products Company*, 192 F. (2d) 43, precludes us from proceeding against a shipper without proceeding against the carrier. We are not in disagreement with the principle of that case. However, we believe that the Commission should be able to institute proceedings against a carrier in any State in which it operates without regard to where the carrier may be served, and to join a shipper as a party defendant without regard to where the shipper may be served. Otherwise, the intent of the Congress in enacting section 222 (b) is being defeated where we are precluded from bringing an action in "*any* district where such motor carrier or broker operates." [Emphasis added.]

Enactment of the proposed amendment would provide the Commission with a means of enforcing the act more effectively.

10. We recommend that section 303 (b) relating to the water-carrier bulk commodity exemption be repealed, but with provisions preserving the rights of those carriers presently engaged in such operations under the exemption.

Because of the various exemptions in part III of the act, the greater percentage of all domestic for-hire water transportation is free from economic regulation by the Commission. The most significant of these is the so-called bulk commodity exemption. This exemption puts the regulated carriers to a distinct competitive disadvantage and results in discrimination between shippers and localities. The public interest in stable, reasonable, and properly regulated rates cannot find expression in the complete absence of control of such a large segment of the bulk-carrying trade.

Enactment of this recommended amendment would go a long way toward correcting this undesirable situation and would also constitute an important step toward equality of treatment of carriers of the various modes.

11. We recommend that section 557, title 39 of the United States Code, under which the Commission, from time to time, is requested to furnish the Postmaster General with information as to the revenue received by railroad companies from express companies for services rendered in the transportation of express matter, be repealed.

The Congress enacted the provisions of 39 U. S. C. section 557 in 1916 in order to prevent discrimination by the railroads against the Government in the transportation of the mails. At that time there were several competing express companies operating over the railroads of the United States. Each maintained separate contractual relations with the railroads and reimbursement to the railroads was based upon a specific rate structure.

Following the end of Federal control of the railroads and the express companies in 1920, however, a series of changes occurred in the status of railway express, culminating in the establishment of a single railway express agency owned and controlled by the participating railroads. These changes made obsolete the provisions of section 557, since the transportation of express matter by the railroads is not now and has not for many years been performed under any rates or system of rates, and the specific information sought thereunder is no longer available. The Commission has been furnishing to the Postmaster General all the information which it has concerning the revenue receipts of the railroad companies from railway express. However, since the revenue receipts do not reflect any specific rate structure, it is impossible for the Commission to arrive at any practical determination of what would be the underlying rates.

Repeal of this section, as recommended, would therefore remove an obsolete provision under which the Commission is called upon to make available information which it does not have and which it cannot feasibly obtain.

Howard G. Freas, *Chairman*.
Richard F. Mitchell.
Anthony F. Arpaia.
Kenneth H. Tuggle.
John H. Winchell.
Everett Hutchinson.
Rupert L. Murphy.
Laurence K. Walrath.
Donald P. McPherson.
Abe McGregor Goff.
Charles A. Webb.

APPENDIX A

STATISTICAL SUMMARIES

A. Statistics of railroad development since 1947.
B. Statistics from monthly and other periodical reports of carriers.

A. Statistics of Railroad Development

Data for years preceding 1947 for most of the tables appear in prior reports.

TABLE I.—*Mileage operated and mileage owned by railroads in the United States, 1947–57*

Year ended Dec. 31—	Road owned in the United States [1] (first main track)	Total miles of all tracks operated, excluding trackage rights [2]	Mileage operated by classes I and II line-haul railroads (including trackage rights)			
			First main track	Second or additional main tracks	Yard track and sidings	All tracks
1947	225,806	376,034	238,209	40,954	118,192	397,355
1948	225,149	376,173	237,756	40,845	118,602	397,203
1949	224,511	376,108	237,564	40,639	119,029	397,232
1950	223,779	375,296	236,857	40,456	119,067	396,380
1951	223,427	374,852	236,476	40,157	119,198	395,831
1952	222,508	373,571	235,545	39,977	119,109	394,631
1953	221,758	372,584	234,959	39,794	118,983	393,736
1954	221,098	371,339	234,342	39,520	118,718	392,580
1955	220,670	369,401	233,955	38,825	118,185	390,965
1956	220,221	368,020	233,509	37,908	118,251	389,668
1957	219,067	365,915	232,177	37,123	117,678	386,978

[1] Includes mileage of some small companies that do not make annual reports to the Commission.
[2] Includes mileage of classes I and II line-haul railroads and switching and terminal companies.

TABLE II.—*Equipment of railroads, including switching and terminal companies, in service at the close of each year, 1947–57* [1]

Year ended Dec. 31—	Locomotives							
	Steam		Electric		Diesel		Other	
	Number	Average tractive effort [2]	Number	Average tractive effort [2]	Number	Average tractive effort [2]	Number	Average tractive effort [2]
		Pounds		*Pounds*		*Pounds*		*Pounds*
1947	36,942	54,506	864	58,816	6,495	56,524	43	23,778
1948	34,581	55,170	867	59,250	8,981	56,285	45	32,053
1949	30,344	56,333	856	59,427	12,025	56,714	47	29,636
1950	26,680	57,075	827	59,713	15,396	57,487	48	18,842
1951	22,590	58,476	817	60,037	19,014	58,202	52	19,687
1952	16,738	59,966	791	60,415	22,118	58,918	52	[3] 59,176
1953	12,274	61,339	713	62,060	24,209	59,393	55	[3] 77,150
1954	9,041	63,152	669	62,605	25,256	59,692	67	[3] 108,114
1955	6,266	65,005	639	64,577	26,563	63,644	34	[3] 111,353
1956	3,918	68,745	616	64,198	28,001	60,489	58	[3] 117,031
1957	2,608	72,030	597	65,696	29,137	60,479	49	[3] 117,567

See footnotes at end of table.

TABLE II.—*Equipment of railroads, including switching and terminal companies, in service at the close of each year, 1947–57* [1]—Continued

Year ended Dec. 31—	Cars					
	Freight cars (excluding caboose)		Passenger train	Coaches		
	Number	Average capacity [2]	Number	Number	Average seating capacity [2]	Number air-conditioned [2]
		Tons				
1947	1,759,758	51.5	39,057	17,542	76	6,180
1948	1,785,067	51.9	39,406	17,150	75	6,512
1949	1,778,811	52.4	38,006	16,806	75	6,868
1950	1,745,778	52.6	37,359	16,488	75	7,351
1951	1,777,878	52.9	36,326	15,856	76	7,389
1952	1,783,352	53.2	34,942	14,957	74	7,356
1953	1,801,874	53.5	34,106	14,460	74	7,427
1954	1,761,386	53.7	33,035	14,210	74	7,689
1955	1,723,747	53.7	32,182	13,543	75	7,378
1956	1,738,631	54.0	30,817	12,867	75	7,414
1957	1,777,557	54.5	29,564	12,328	75	7,295

[1] Privately owned cars and cars owned or leased by the Pullman Co., are not included. In 1957 privately owned freight carrying cars numbered 276,754 and cars owned or leased by the Pullman Co., 3,970.
[2] Class I railroads.
[3] Includes gas turbine electric locomotives having average tractive effort as follows: 1952, 6 locomotives of 138,000 pounds; 1953, 10 locomotives of 137,900 pounds; 1954, 25 locomotives of 137,920 pounds; 1955, 25 locomotives of 137,920 pounds; 1956, 25 locomotives of 137,920 pounds; 1957, 25 locomotives of 137,920 pounds.

TABLE III.—*Railroad capital actually outstanding and net income, 1947–57: Line-haul railroads and their lessor subsidiaries*

Year ended Dec. 31—	Total railroad capital	Funded debt unmatured [1]	Preferred stock	Common stock	Ratio of debt to capital	Net income [2]	Ratio of net income to stock
	Thousands	*Thousands*	*Thousands*	*Thousands*	*Percent*	*Thousands*	*Percent*
1947	$18,050,122	$8,824,903	$1,975,188	$7,250,031	48.9	$537,405	5.83
1948	18,249,091	9,007,491	1,991,825	7,249,775	49.4	767,949	8.31
1949	18,342,568	9,120,246	1,988,169	7,234,153	49.7	496,103	5.38
1950	18,273,631	9,089,499	1,976,670	7,207,462	49.7	854,951	9.31
1951	18,219,950	9,007,960	1,976,699	7,235,291	49.4	757,934	8.23
1952	18,066,968	8,870,639	1,953,640	7,242,689	49.1	900,472	9.79
1953	17,658,048	8,767,043	1,868,411	7,022,594	49.6	939,887	10.57
1954	17,590,304	8,744,039	1,530,064	7,316,201	49.7	712,252	8.05
1955	17,422,043	8,771,315	1,309,482	7,341,246	50.3	958,849	11.08
1956	17,399,198	9,093,139	1,394,985	6,911,074	52.3	908,416	10.94
1957	16,774,573	9,115,053	1,369,233	6,290,287	54.3	765,227	9.99

[1] Does not include long-term debt in default. For class I railroads and their nonoperating subsidiaries such debt amounted to $17,228 (thousands) at the close of 1957.
[2] Intercorporate duplications not eliminated, but amounts shown correspond with the stock in the second and third preceding columns.

TABLE IV.—*Dividends, 1947–57: Line-haul railroads and their lessor subsidiaries*

Year ended Dec. 31—	Proportion of stock-paying dividends [1]	Amounts of dividends [1]	Average rate on— Dividend-paying stock [1]	Average rate on— All stock	Dividends declared [2] On preferred stock	Dividends declared [2] On common stock
	Percent	*Thousands*	*Percent*	*Percent*		
1947	56.20	$280,397	5.41	3.04	$54,759,213	$181,706,349
1948	69.75	335,313	5.20	3.63	69,244,802	220,001,710
1949	64.24	306,995	5.18	3.33	64,223,191	187,723,811
1950	73.70	348,811	5.15	3.80	79,191,647	232,907,042
1951	72.74	373,574	5.58	4.06	87,900,473	240,577,360
1952	73.23	394,042	5.85	4.28	75,376,804	262,688,453
1953	81.57	445,145	6.14	5.01	77,974,384	334,089,068
1954	74.82	405,410	6.13	4.58	72,738,779	306,605,209
1955	84.39	476,748	6.53	5.51	70,768,164	377,450,539
1956	81.69	487,905	7.19	5.87	46,239,794	415,468,274
1957	84.41	466,415	7.21	6.09	46,500,614	391,889,328

[1] Includes figures for lessors and operating railroads without excluding duplications on account of intercorporate payments. Stock dividends for the last 11 years have been as follows: $15,800 in 1948, $2,426,100 in 1951, $1,267,537 in 1952, $30,276,932 in 1953, $5,000,000 in 1954, $1,550,100 in 1955, $10,222,214 in 1956, and $635,174 in 1957.
[2] By class I line-haul railroads.

TABLE V.—*Reported property investment and selected income items, 1947–57: Line-haul railroads and their lessor subsidiaries*

Year ended Dec. 31—	Investment [1]	Investment per mile of road	Depreciation reserve [2]	Net railway operating income [3]	Other income [4]	Fixed charges and other deductions [5]	Net income
	Thousands		*Thousands*	*Thousands*	*Thousands*	*Thousands*	*Thousands*
1947	[6] $27,686,103	$123,215	$6,037,033	$790,534	$211,868	$517,330	$537,405
1948	[6] 28,664,759	127,625	6,279,892	1,014,815	216,775	524,149	767,949
1949	[6] 29,519,832	131,784	6,438,177	693,957	238,659	490,133	496,103
1950	[6] 30,174,312	135,076	6,629,150	1,055,309	245,433	504,926	854,951
1951	[6] 31,077,781	139,332	6,837,120	956,699	253,758	506,538	757,934
1952	[6] 31,822,114	143,238	6,926,771	1,091,657	269,614	525,746	900,472
1953	[6] 32,416,389	146,414	7,009,758	1,122,512	290,116	498,995	939,887
1954	[6] 32,709,615	148,183	7,175,101	887,816	257,364	452,958	712,252
1955	[6] 33,034,952	149,950	7,313,951	1,144,347	250,503	453,918	958,849
1956	[6] 33,714,159	153,303	7,542,856	1,083,708	259,677	451,169	908,416
1957	[6] 34,614,517	158,255	7,800,925	934,645	277,634	460,730	765,227

[1] Includes investment of operating, lessor, and proprietary companies. Proprietary companies do not render annual reports to the Commission but information concerning them is given in reports of the operating companies.
[2] Includes amortization of defense projects. Proprietary companies beginning in 1950.
[3] Classes I and II line-haul railroads.
[4] Includes amounts received as interest or dividends on railroad securities owned by reporting carriers. See Transport Statistics in the United States, table 109. Figures represent classes I and II line-haul railroads.
[5] The interest included represents accruals, not payments. In 1957, the interest payments on unmatured funded debt and long-term debt in default in excess of accruals was *$3,517,564* for class I railroads. Figures represent classes I and II line-haul railroads.
[6] Includes investment of lessor and proprietary companies, as follows, but excludes investment of proprietary companies in systems which file consolidated annual reports combining the mileage, investment and other items on a net system basis:

Year	Lessor companies	Proprietary companies	Year	Lessor companies	Proprietary companies
	Thousands	*Thousands*		*Thousands*	*Thousands*
1947	$3,507,365	$761,297	1953	$2,289,075	$551,485
1948	3,405,052	740,229	1954	2,274,593	522,611
1949	3,503,617	628,316	1955	2,243,939	521,665
1950	3,407,102	616,495	1956	2,234,533	506,107
1951	3,258,907	617,846	1957	2,335,220	500,539
1952	3,173,506	594,910			

TABLE VI.—*Operating revenues, operating expenses, and taxes: Class I line-haul railroads, 1947–57*

Year ended Dec. 31—	Operating revenues	Freight revenues	Passenger revenues	Operating expenses	Railway tax accruals [1]			Ratio of total operating expenses to total operating revenues
					U. S. Government taxes	Other than U. S. Government taxes	Total	
	Thousands	*Thousands*	*Thousands*	*Thousands*	*Thousands*	*Thousands*	*Thousands*	*Percent*
1947	$8,684,918	$7,041,185	$963,322	$6,797,265	$655,849	$282,528	$938,377	78.27
1948	9,671,722	7,976,285	964,303	7,472,035	723,325	307,466	1,030,791	77.26
1949	8,580,142	7,048,240	860,744	6,891,819	519,517	314,910	834,427	80.32
1950	9,473,093	7,817,263	813,417	7,059,276	868,037	328,226	1,196,263	74.52
1951	10,390,611	8,634,101	900,310	8,041,277	858,106	347,646	1,205,752	77.39
1952	10,580,762	8,788,635	906,185	8,052,518	908,729	355,535	1,264,264	76.11
1953	10,664,169	8,950,522	841,962	8,135,229	824,704	362,722	1,187,426	76.29
1954	9,370,826	7,797,885	767,283	7,384,499	500,788	361,801	862,589	78.80
1955	10,106,330	8,538,286	742,945	7,646,418	702,765	379,602	1,082,367	75.66
1956	10,550,943	8,931,423	756,582	8,108,353	730,619	392,910	1,123,529	76.85
1957	10,491,390	8,928,511	735,339	8,227,522	666,171	404,246	1,070,417	78.42

[1] Includes lessor companies.

TABLE VII.—*Number and compensation of employees: Class I line-haul railroads, 1947–57*

Year ended Dec. 31—	Average number of employees during year [1]	Total hours paid for	Compensation of railroad employees			
			Total	Average per hour	Ratio to revenues	Ratio to expenses
		Thousands	*Thousands*		*Percent*	*Percent*
1947	1,351,863	3,613,296	$4,352,047	$1.204	50.11	64.03
1948	1,326,597	3,545,081	4,768,828	1.345	49.31	63.82
1949	1,192,019	3,018,736	4,418,790	1.464	51.50	64.12
1950	1,220,401	2,876,591	4,594,423	1.597	48.50	65.08
1951	1,275,744	2,978,870	5,272,975	1.770	50.75	65.57
1952	1,226,421	2,845,217	5,326,804	1.872	50.34	66.15
1953	1,205,966	2,777,235	5,324,951	1.917	49.93	65.46
1954	1,064,337	2,467,515	4,853,660	1.967	51.80	65.73
1955	1,057,866	2,502,608	4,992,235	1.995	49.40	65.29
1956	1,043,447	2,466,176	5,324,672	2.159	50.47	65.67
1957	984,974	2,314,973	5,358,049	2.315	51.07	65.12

[1] This is the average of 12 counts made at middle of month and differs from the number of persons receiving pay during the month of year regardless of whether for a long or short period.
[2] In 1957, $5,090,501 (thousands) or 95.01 percent of the reported compensation, was chargeable to operating expenses.

TABLE VIII.—*Freight transportation service performed by line-haul railroads, 1947–57*

Year ended Dec. 31—	Revenue tons originated	Revenue tons carried 1 mile	Loaded car miles	Average haul		Average amount received for each ton originated	Revenue per ton-mile
				United States as a system	For the individual road		
	Thousands	*Millions*	*Millions*	*Miles*	*Miles*		*Cents*
1947	1,613,148	657,878	21,490	407.82	216.45	$4.427	1.085
1948	1,580,480	641,104	20,746	405.64	213.85	5.121	1.262
1949	1,284,197	529,111	17,948	412.02	218.18	5.569	1.352
1950	1,420,891	591,550	19,736	416.32	218.21	5.584	1.341
1951	1,547,238	649,831	20,709	419.99	220.97	5.660	1.348
1952	1,447,410	617,941	19,919	426.93	223.11	6.159	1.443
1953	1,447,655	608,964	19,863	420.66	221.36	6.271	1.491
1954	1,279,267	552,197	18,239	431.65	227.81	6.187	1.433
1955	1,455,625	626,892	20,226	430.67	227.88	5.953	1.382
1956	1,521,163	651,188	20,364	428.09	228.02	5.975	1.396
1957	1,449,007	621,907	19,183	429.20	230.77	6.255	1.457

TABLE IX.—*Carload, trainload, and density of traffic: Class I line-haul railroads, 1947–57*

Year ended Dec. 31—	Ton-mile revenue and nonrevenue freight per loaded freight-car mile	Revenue ton-miles per train-mile	Passenger-miles per car-mile	Passenger-miles per train-mile	Revenue ton-miles per mile of road	Passenger-miles per mile of road
1947	32.56	1,076	21	111	2,869,909	204,854
1948	32.88	1,104	19	101	2,808,728	184,701
1949	31.29	1,068	18	92	2,321,799	157,929
1950	31.63	1,157	17	89	2,598,236	143,285
1951	32.87	1,238	18	97	2,860,589	156,771
1952	32.42	1,236	18	99	2,722,052	154,299
1953	31.97	1,243	18	95	2,687,176	143,889
1954	31.26	1,240	17	92	2,440,924	133,993
1955	31.97	1,322	18	95	2,773,638	131,272
1956	32.83	1,375	18	97	2,893,286	130,454
1957	33.29	1,396	18	94	2,776,983	120,456

TABLE X.—*Passenger transportation service performed by line-haul railroads, 1947–57*

Year ended Dec. 31—	Passengers carried	Passenger-miles	Average journey per passenger [1]	Average receipts per passenger	Revenue per passenger-mile
	Millions	*Millions*	*Miles*		*Cents*
1947	707	45,972	65.07	$1.366	2.099
1948	646	41,224	63.86	1.496	2.342
1949	557	35,133	63.11	1.549	2.454
1950	488	31,790	65.14	1.669	2.563
1951	485	34,640	71.35	1.856	2.601
1952	471	34,033	72.26	1.925	2.664
1953	458	31,679	69.13	1.839	2.660
1954	441	29,310	66.50	1.742	2.620
1955	433	28,548	65.88	1.716	2.605
1956	430	28,216	65.62	1.762	2.685
1957	413	25,914	62.80	1.785	2.842

[1] This average is affected by the changing ratio of commutation traffic to the total traffic.

TABLE XI.—*Fuel consumed by motive-power units, and rails and ties laid: Class I line-haul railroads, 1947–57*

Year ended Dec. 31—	Bituminous coal (net tons)	Anthracite coal (net tons)	Fuel oil (thousands of gallons)	Diesel oil (thousands of gallons)	Electricity (thousands kilowatt-hours)	Rails applied in replacement and betterment (all tracks) (tons) [1]	Ties laid in previously constructed tracks	
							Crossties (number)	Switch and bridge ties (feet (b. m.))
1947	100,437,382	41,937	3,797,387	725,631	2,571,461	2,531,858	37,289,473	108,159,083
1948	88,001,197	99,477	3,367,373	1,080,266	2,543,240	2,454,355	36,842,371	119,932,243
1949	62,230,168	50,991	2,550,351	1,412,330	2,285,191	2,209,032	30,285,046	107,792,738
1950	55,410,450	41,138	2,284,443	1,827,175	2,260,448	2,190,516	30,493,607	98,399,781
1951	48,310,890	6,721	2,044,300	2,267,675	2,286,823	2,058,897	29,061,560	92,798,640
1952	32,884,858	388	1,505,068	2,653,579	2,237,481	1,835,090	30,331,899	96,917,440
1953	23,402,084	78	995,199	2,980,008	2,135,968	2,057,492	29,808,949	99,791,974
1954	12,701,746	49	466,780	3,121,244	2,044,607	1,710,740	23,173,611	85,346,254
1955	11,427,313	----------	375,580	3,393,103	2,082,350	1,890,002	24,149,169	79,098,327
1956	8,581,869	----------	191,426	3,565,919	2,091,478	1,731,234	23,646,332	74,099,682
1957	4,866,161	37	89,300	3,535,849	2,024,608	1,592,124	22,082,225	71,655,096

[1] Tons of 2,000 pounds, 1955–57; prior years, tons of 2,240 pounds.

B. Statistics From Monthly and Other Periodical Reports of Carriers

TABLE A.—*Selected data and analysis of operating revenues, expenses, and income, class I line-haul railroads, 1956–57 and first 6 months of 1957 and 1958*

Item	Calendar year		First 6 months	
	1956 [1]	1957	1957	1958
Operating revenues:	*Thousands*	*Thousands*	*Thousands*	*Thousands*
Freight	$8,945,942	$8,928,524	$4,477,662	$3,846,506
Passenger	756,582	735,339	368,670	325,106
Mail	286,767	291,863	136,129	139,746
Express	119,370	97,372	44,689	39,605
All other	436,628	438,305	214,332	183,524
Total	10,545,289	10,491,403	5,241,482	4,534,487
Percent of total:				
Freight	84.83	85.10	85.43	84.83
Passenger	7.18	7.01	7.03	7.17
Mail	2.72	2.78	2.60	3.08
Express	1.13	.93	.85	.87
All other	4.14	4.18	4.09	4.05
Operating expenses:	*Thousands*	*Thousands*	*Thousands*	*Thousands*
Maintenance of way and structures	$1,403,604	$1,430,503	$712,313	$603,140
Maintenance of equipment	1,891,623	1,913,010	971,248	859,456
Traffic	254,382	259,654	131,334	127,606
Transportation	4,040,284	4,094,775	2,036,329	1,879,620
General	400,925	425,588	211,971	210,430
All other	111,243	103,993	52,781	45,336
Total	8,102,061	8,227,523	4,115,976	3,725,588
Percent of total:				
Maintenance of way and structures	17.32	17.39	17.31	16.19
Maintenance of equipment	23.35	23.25	23.60	23.07
Traffic	3.14	3.16	3.19	3.42
Transportation	49.87	49.77	49.47	50.45
General	4.95	5.17	5.15	5.65
All other	1.37	1.26	1.28	1.22
Operating ratio, percent	76.8	78.4	78.5	82.2
	Thousands	*Thousands*	*Thousands*	*Thousands*
Railway tax accruals	$1,120,857	$1,068,419	$542,360	$428,109
Equipment rents—debit	209,230	229,975	111,889	126,615
Joint facility rents—debit	42,827	43,139	20,657	21,017
Net railway operating income	1,070,314	922,347	450,600	233,158
Other income	274,608	288,236	129,512	130,469
Interest, rents, and other deductions	465,920	476,585	233,404	239,213
Net income	879,002	733,998	346,708	124,414
Federal income and excess-profits taxes [2]	393,308	321,558	166,849	70,418
Net railway operating income before provisions for Federal income and excess-profits taxes	1,463,622	1,243,905	617,449	303,576
Net income before provisions for Federal income and excess-profits taxes	1,272,310	1,055,556	513,557	194,832

[1] Revised.
[2] Included in railway tax accruals shown above.

TABLE B.—*Selected operating statistics in freight and passenger service, class I line-haul railroads, 1956–57 and first 6 months of 1957 and 1958*

Item	Calendar year		First 6 months	
	1956	1957	1957	1958
Freight service:				
Average miles of road operated	221,567	221,175	221,458	220,800
Total revenue ton-miles (millions)	646,623	618,094	312,396	262,328
Tons of revenue freight carried (thousands)	2,704,672	2,562,941	1,273,438	1,018,763
Revenue tons originated (thousands)	1,447,422	1,380,327	673,656	539,614
Revenue per ton-mile (cents)	1.38	1.45	1.43	1.47
Miles per revenue ton per road (average haul)	239.1	241.2	245.3	257.5
Freight-train miles (thousands)	474,843	446,733	226,193	195,209
Net ton-miles per train-mile (including nonrevenue tons)	1,422	1,439	1,439	1,399
Train miles per mile of road per day	5.8	5.5	5.6	4.8
Net ton-miles per mile of road per day	8,234	7,886	8,038	6,776
Loaded car-miles (thousands)	20,224,003	19,067,981	9,678,455	8,268,074
Empty car-miles (thousands)	11,335,241	11,597,941	5,684,975	5,422,564
Percent loaded of total freight car-miles	64.1	62.2	63.0	60.4
Percent eastbound or northbound of loaded car-miles	55.9	55.7	55.2	56.7
Net ton-miles per loaded car-mile	33.0	33.4	33.3	32.8
Freight car-miles per train-mile—Total	67.2	69.3	68.6	70.7
—Loaded	43.1	43.1	43.2	42.7
—Empty	24.1	26.2	25.4	28.0
Gross ton-miles per train-mile (excluding locomotives and tenders)	3,103	3,176	3,160	3,176
Gross ton-miles of locomotives and tenders per locomotive-mile	313	323	321	340
Train-miles per train-hour (average)	18.6	18.8	18.9	19.3
Gross ton-miles per train-hour	57,071	59,186	59,061	60,812
Car-miles per car-day	45.0	43.7	44.2	38.9
Net ton-miles per freight car-day	953	906	927	770
Percent of freight locomotives unserviceable	11.5	8.7	9.2	8.3
Percent of freight cars unserviceable	3.8	4.3	3.9	5.9
Pounds of coal per 1,000 gross ton-miles (including locomotives and tenders)	101	92	98	83
Gallons of diesel oil per 1,000 gross ton-miles (including locomotives)	1.67	1.70	1.71	1.76
Passenger service:				
Average miles of road operated	115,749	112,522	113,043	109,026
Passengers carried (thousands)	428,521	411,179	207,032	193,914
Total passenger-miles (millions)	28,190	25,889	12,870	11,112
Revenue passenger-miles per train-mile	96.9	93.9	93.2	88.5
Revenue passenger-miles per car-mile	18.1	18.1	17.9	17.9
Revenue per passenger per mile:				
Including commutation passengers (cents)	2.68	2.84	2.86	2.92
Excluding commutation passengers (cents)	2.78	2.95	2.99	3.04
Average journey per passenger per road (miles)	65.8	63.0	62.2	57.3
Passenger-train miles (thousands)	289,866	274,794	137,660	125,028
Passenger-train car-miles (thousands)	2,879,305	2,681,599	1,337,072	1,195,559
Passenger-train cars per train	9.93	9.76	9.71	9.56
Train-miles per mile of road per day	6.8	6.7	6.7	6.3
Train-miles per train-hour	40.0	40.2	40.2	40.1
Percent of passenger locomotives unserviceable	9.3	7.2	7.6	7.8
Percent of passenger cars unserviceable	6.7	6.7	6.9	7.7
Cost of fuel, all services (including freight charges):				
Average cost of coal per ton	$5.71	$6.29	$6.19	$6.55
Average cost of diesel oil per gallon (cents)	10.19	10.60	10.87	9.80

TABLE C.—*Average number of employees and total compensation, by groups of employees, class I railroads, excluding switching and terminal companies, 1957–58*

Group of employees	Calendar year 1957		6 months, January to June, inclusive	
	Average number of employees middle of month	Total compensation	Average number of employees middle of month	
			1957	1958
I. Executives, officials, and staff assistants	16,264	$180,920,303	16,323	15,796
II. Professional, clerical, and general	190,046	969,311,680	191,348	175,077
III. Maintenance of way and structures	170,766	743,208,841	171,432	134,706
IV. Maintenance of equipment and stores	246,358	1,196,884,190	253,008	200,018
V. Transportation (other than train, engine, and yard)	115,293	572,182,526	115,611	102,108
VI. (a) Transportation (yardmasters, switchtenders, and hostlers)	14,199	99,991,412	14,262	13,021
VI. (b) Transportation (train and engine service)	233,075	1,595,544,963	233,870	204,678
All employees	986,001	5,358,043,915	995,854	845,404

TABLE D.—*Carloads and tons of revenue freight originated and freight revenue, by commodities, calendar year 1957, class I railroads*

Commodity groups	Number of carloads	Number of tons (2,000 pounds)	Freight revenue
Products of agriculture:			
Wheat	617,529	33,681,051	$228,152,993
Corn	443,061	23,743,036	144,150,713
Other grains	340,829	16,438,358	115,192,494
Flour, wheat	295,668	9,561,171	74,620,383
Other mill products	307,302	8,344,913	61,053,626
Cotton in bales	222,795	4,418,168	56,076,324
Citrus fruits	66,531	1,388,283	48,594,237
Other fresh fruits	189,497	2,600,265	92,471,768
Potatoes, other than sweet	182,352	3,480,515	79,846,760
Other fresh vegetables	185,754	2,442,372	106,120,017
Sugar beets	195,704	8,738,222	12,171,935
All other	653,386	22,781,452	190,786,095
Total	3,700,408	137,617,806	1,209,237,345
Animals and products:			
Live animals	328,259	3,505,148	76,645,567
Meats and other edible packinghouse products	264,081	3,881,137	126,439,664
Poultry, live and dressed	4,290	85,532	2,969,719
Dairy products	39,807	757,713	16,830,772
Wool and mohair	10,442	175,691	5,921,185
Hides and leather	33,443	914,650	20,985,222
All other	54,429	1,754,226	19,919,138
Total	734,751	11,074,097	269,711,267
Products of mines:			
Anthracite coal [1]	320,778	18,432,776	64,911,238
Bituminous coal	6,171,811	372,194,054	1,328,596,516
Coke	485,881	19,563,630	72,417,807
Iron ore	1,836,288	122,596,373	268,161,854
Other ores and concentrates	350,428	21,820,811	99,452,739
Gravel and sand	1,082,412	66,149,090	114,784,336
Stone and rock: Broken, ground, and crushed	899,533	53,602,910	89,835,275
Fluxing stone and raw dolomite	297,222	19,625,093	36,620,852
Crude petroleum	56,117	2,046,347	9,081,403
Phosphate rock	300,451	19,352,343	47,753,166
All other	1,011,745	54,291,367	258,551,809
Total	12,812,666	769,674,794	2,390,166,995
Products of forests:			
Logs, butts, and bolts	211,282	7,783,763	13,161,740
Posts, poles, and piling, wooden	92,404	2,718,598	28,595,447
Pulpwood	853,984	38,838,904	79,737,329
Lumber, shingles, and lath	580,103	18,139,170	403,550,632
All other	331,469	10,017,258	129,168,391
Total	2,069,242	77,497,693	654,213,539
Manufactures and miscellaneous:			
Refined petroleum products	1,099,506	31,102,481	270,203,765
Vegetable oils	105,079	3,097,662	45,543,764
Chemicals	573,546	24,351,080	293,393,591
Fertilizers, n. o. s	374,083	17,320,513	141,945,238
Metals and alloys, other than iron and steel	138,390	6,066,382	115,064,483
Pig iron	90,027	5,246,769	28,248,861
Semifinished iron and steel	264,556	15,553,425	67,801,708
Manufactured iron and steel	1,386,927	52,634,625	604,465,252
Vehicles and parts, motor and other	803,623	12,410,413	378,255,568
Cement, natural and portland	581,993	32,147,727	139,315,263
Paper and paper products	1,035,238	27,356,290	438,381,481
Alcoholic beverages	135,124	4,076,481	76,196,007
Sugar	119,638	5,009,941	51,277,648
Food products, n. o. s., in cans and packages, not frozen.	435,952	11,653,070	213,003,657
Feed, animal and poultry, n. o. s	623,162	16,482,889	91,902,093
Containers, metal, wooden, and paper	440,369	5,264,270	90,544,241
Scrap iron and steel	512,037	24,035,780	100,509,954
All other	2,914,341	80,521,907	1,237,786,730
Total	11,633,591	374,331,705	4,383,839,304
Forwarder traffic	456,493	4,687,835	212,498,435
Grand total carload traffic	31,407,151	1,374,883,930	9,119,666,885
All l. c. l. freight		5,442,862	252,044,652
Grand total, carload and l. c. l		1,380,326,792	9,371,711,537

[1] Excludes coal to breakers and washeries.

TABLE E.—*Revenues, expenses, and income of class I motor carriers [1] of property for the calendar year 1957 compared with the same carriers for 1956 [2]*

Item	Total carriers reported	
	1956	1957
INTERCITY CARRIERS		
Number of carriers represented	836	836
Revenues:		
Freight revenue—Intercity—Common carrier	$3,315,069,566	$3,582,160,643
Freight revenue—Intercity—Contract carrier	167,138,498	180,007,707
Freight revenue—Local service	37,643,862	41,536,750
Revenue—Transportation for other class I motor carriers	21,050,048	26,058,688
Other operating revenue	22,093,663	26,777,718
Total operating revenues	3,562,995,637	3,856,541,506
Expenses:		
Equipment maintenance and garage expenses	361,242,115	398,044,406
Transportation expense	1,746,031,922	1,905,336,845
Terminal expense	471,890,331	523,408,610
Traffic expense	110,328,716	122,583,155
Insurance and safety expense	154,656,903	162,712,312
Administrative and general expense	247,001,087	227,344,183
Total operation and maintenance expenses	3,091,151,074	3,339,429,511
Depreciation expenses	160,268,901	175,603,198
Depreciation adjustment	*17,597,954*	*14,396,962*
Amortization chargeable to operations	41,089	66,593
Operating taxes and licenses	196,740,032	219,624,273
Total expenses	3,430,603,142	3,720,326,613
Operating ratio (percent)	96.3	96.5
Net operating revenue	$132,392,495	$136,214,893
Other income	11,127,298	13,093,174
Other deductions	27,432,985	33,438,666
Net income before income taxes	116,086,808	115,869,401
Net income after income taxes [3]	65,309,157	61,987,872
LOCAL CARRIERS		
Number of carriers represented	76	76
Total operating revenues	$198,643,349	$212,001,757
Total expenses	191,333,563	205,546,510
Operating ratio (percent)	96.3	97.0
Net operating revenue	$7,309,786	$6,455,247
Other income	3,486,357	3,759,280
Other deductions	1,071,176	1,160,367
Net income before income taxes	9,724,967	9,054,160
Net income after income taxes [3]	6,181,997	5,680,006

Deficit and contra items shown in italics.

[1] Class I motor carriers are those having average gross operating revenues of $1,000,000 or over annually.

[2] This table does not include the reports of 12 carriers that failed to furnish complete reports. The total figures for these 12 carriers amounted to the following for 1957: Operating revenues, $25,557,165; Operation and maintenance expenses, $22,161,312; Other expenses, $2,515,224; Total expenses, $24,676,536: Net operating revenue, $880,629; Net income before income taxes, $776,490; Net income after income taxes, $359,613.

[3] Net income is overstated to the extent that income taxes are reported by corporations only. Income taxes of sole proprietorships and partnerships involve factors that do not arise from motor-carrier operations and therefore are not reported to the Commission.

TABLE F.—*Revenues, expenses, and income of class I motor carriers [1] of passengers for the calendar year 1957, compared with the same carriers for 1956 [2]*

Item	Total carriers reported	
	1956	1957
INTERCITY CARRIERS		
Number of carriers represented	148	148
Operating revenues:		
Passenger revenue—Intercity schedule	$310, 088, 463	$328, 793, 710
Passenger revenue—Local and suburban schedules	20, 395, 627	20, 243, 549
Passenger revenue—Charter or special service	25, 999, 151	29, 934, 308
Other operating revenue	29, 124, 726	33, 188, 008
Total operating revenues	385, 607, 967	412, 159, 575
Operating expenses:		
Equipment maintenance and garage expense	63, 163, 675	69, 047, 179
Transportation expense	124, 984, 148	134, 223, 056
Station expense	44, 025, 641	48, 291, 920
Traffic, solicitation, and advertising expense	13, 829, 474	15, 021, 311
Insurance and safety expense	12, 498, 576	13, 316, 667
Administrative and general expense	27, 722, 053	29, 589, 315
Total operation and maintenance expenses	286, 223, 567	309, 489, 448
Depreciaton expenses	29, 444, 818	28, 645, 385
Amortization chargeable to operations	2, 526	2, 834
Operating taxes and licenses	31, 979, 969	33, 585, 831
Operating rents—net	3, 602, 853	4, 168, 484
Total expenses	351, 253, 733	375, 891, 982
Operating ratio (percent)	91. 1	91. 2
Net operating revenue	$34, 354, 234	$36, 267, 593
Other income	2, 984, 977	1, 601, 733
Other deductions	3, 393, 960	3, 920, 662
Net income before income taxes	33, 945, 251	33, 948, 664
Net income after income taxes [3]	16, 903, 457	16, 956, 038
LOCAL CARRIERS		
Number of carriers represented	55	55
Total operating revenues	$108, 587, 491	$109, 608, 670
Total expenses	104, 682, 963	106, 131, 409
Operating ratio (percent)	96. 4	96. 8
Net operating revenue	$3, 904, 528	$3, 477, 261
Other income	1, 523, 645	1, 353, 218
Other deductions	1, 236, 651	1, 246, 773
Net income before income taxes	4, 191, 522	3, 583, 706
Net income after income taxes [3]	2, 681, 356	2, 395, 830

[1] Class I motor carriers are those having average gross operating revenues of $200,000 or over annually.
[2] This table does not include the reports of 2 carriers that failed to furnish complete reports. The total figures for these 2 carriers amounted to the following for 1957: Operating revenues, $263,386; Operation and maintenance expenses, $217,098; Other expenses, $34,008; Total expenses, $251,106; Net operating revenue, *$12,280;* Net income before income taxes, *$8,191;* Net income after income taxes, *$8,191.*
[3] Net income is overstated to the extent that income taxes are reported by corporations only. Income taxes of sole proprietorships and partnerships involve factors that do not arise from motor-carrier operations and therefore, are not reported to the Commission.

TABLE G.—*Revenues, expenses, and statistics of freight forwarders for the years 1956 and 1957* [1]

Item	Total carriers reported	
	1956	1957
Number of forwarders represented	60	61
Operating revenues:		
Transportation revenue	$417,264,885	$422,495,947
Transportation purchased—dr.:		
Railroad transportation	210,306,055	211,000,064
Motor transportation	49,993,789	50,687,606
Water transportation	1,702,379	1,758,698
Pickup, delivery, and transfer service	49,561,710	50,129,886
Other transportation purchased	917,395	1,255,879
Total transportation purchased	312,481,328	314,832,133
Forwarder revenue from transportation	104,783,557	107,663,814
Incidental revenues	3,368,737	4,139,848
Total operating revenues	108,152,294	111,803,662
Operating expenses:		
Salaries, wages, and expenses of employees	57,272,974	59,357,850
Paid to others for services rendered	22,973,186	23,237,697
Operating rents	4,008,867	3,854,934
Communications and postage	3,883,168	3,917,329
Payroll taxes	2,363,519	2,047,321
All other operating expenses	10,474,011	11,977,907
Total operating expenses	100,975,725	104,393,038
Income items:		
Revenue from forwarder operations	7,176,569	7,410,624
Transportation tax accruals	186,062	254,049
Revenue, less taxes, from forwarder operations	6,990,507	7,156,575
Other income	5,064,998	2,137,999
Total income	12,055,505	9,294,574
Miscellaneous deductions from income	5,194,316	2,215,447
Net income before fixed charges and income taxes	6,861,189	7,079,127
Fixed charges	103,239	72,943
Net income before provisions for income taxes	6,757,950	7,006,184
Provisions for income taxes	3,224,402	3,008,664
Net income	3,533,548	3,997,520
Statistics:		
Tons of freight received from shippers	4,583,630	4,299,958
Number of shipments received from shippers	25,345,515	24,931,129

[1] Confined to forwarders having gross revenues of $100,000 or more per annum.

TABLE H.—*Selected statistics of private car owners,*[1] *year 1957*

Item	Refrigerator cars	Tank cars		Other cars [2]	Total
		Petroleum	Other		
Cars owned at close of year	101,621	129,419	27,494	40,596	299,130
Serviceable cars	95,730	124,715	26,764	40,187	287,396
Unserviceable cars	5,891	4,704	730	409	11,734
Miles made by owned cars (thousands):					
Loaded	1,799,975	924,014	167,206	144,093	3,035,288
Empty	1,444,638	930,271	170,338	87,589	2,632,836
Not separable	110,388	47,301	23,507	8,560	189,756
Total	3,355,001	1,901,586	361,051	240,242	5,857,880
Revenue receivable, on (thousands):					
Car mileage basis	$135,374	$75,822	$14,398	$6,844	$232,438
Car rental basis	3,320	18,571	1,709	20,053	43,653
Other car service basis	1,558	3	342	7	1,910
Total	140,252	94,396	16,449	26,904	278,001

[1] Confined to owners of 10 or more cars. Compiled from reports of 205 owners.
[2] Includes such cars as stock, gondola, hopper, airdump, box, cradle, flat, vat, et cetera.

TABLE I.—*Selected financial and operating data of oil pipeline companies, 1955, 1956, and 1957*

Item	1955	1956	1957
Miles of line operated:			
Gathering lines	50,645	51,336	52,077
Trunk lines	89,729	91,350	93,159
Investment in carrier property	$2,585,565,426	$2,716,233,654	$2,843,033,924
Capital stock [1]	$331,144,492	$339,353,788	$344,575,968
Funded debt unmatured [1]	$950,854,359	$965,128,073	$1,012,699,913
Accrued depreciation—Carrier property [2]	$913,605,731	$979,758,351	$1,051,660,494
Operating revenues	$677,604,517	$737,386,370	$729,951,514
Operating expenses	$346,985,201	$370,786,680	$386,660,858
Pipeline taxes:			
U. S. Government taxes	$128,095,428	$149,680,754	$130,009,977
Other than U. S. Government taxes	$26,266,636	$28,646,619	$30,888,720
Pipeline operating income	$176,257,252	$188,272,317	$182,391,959
Net income	$153,334,200	$178,456,706	$159,197,176
Dividend appropriations [1]	$101,267,355	$113,701,915	$127,364,380
Number of barrels of oil received into system	4,057,925,296	4,459,451,550	4,484,794,605
Number of barrel-miles (trunklines):			
Crude oil (thousands)	839,009,465	935,801,321	930,558,064
Refined oils (thousands)	204,886,356	233,457,898	248,318,537
Total employees:			
Average number	24,974	24,584	24,313
Compensation	$141,960,298	$150,341,687	$156,072,836

[1] Excludes data for 10 companies in 1955; 10 companies in 1956; and 8 companies in 1957; as the annual reports filed by these companies relate to pipeline departments of large oil companies and these items are not segregated for the pipeline departments.
[2] Includes "Amortization reserve" as follows: 1955, $56,281,269; 1956, $62,166,625; and 1957, $61,051,812.

TABLE J.—*Revenues and traffic of carriers by water, 1956 and 1957* [1]

Item	1956	1957
Freight revenue	$308,915,914	$327,687,983
Number of tons of revenue freight carried	105,060,289	105,519,051
Passenger revenue	$9,983,340	$10,553,970
Number of revenue passengers carried	3,886,658	4,088,283

[1] Compiled from quarterly reports of 121 carriers of classes A and B.

TABLE K.—*Selected financial and operating data of electric railways, 1955, 1956, and 1957*

Item	1955	1956	1957
Miles of road operated	1,559	1,427	1,319
Investment in road and equipment	$209,807,890	$180,392,250	$175,670,811
Capital stock	$79,559,418	$67,384,985	$65,986,371
Unmatured funded debt	$15,523,037	$10,361,196	$10,859,428
Accrued depreciation—Road and equipment	$46,447,560	$38,239,693	$36,530,371
Railway operating revenues:			
Freight revenue	$38,474,566	$31,886,123	$29,878,235
Passenger revenue	$9,841,443	$8,767,437	$8,415,815
All other revenues	$11,968,474	$8,002,875	$6,973,048
Total railway operating revenues	$60,284,483	$48,656,435	$45,267,098
Total railway operating expenses	$52,067,219	$46,037,290	$43,154,449
Taxes assignable to railway operations:			
Other than U. S. Government taxes	$2,112,088	$1,542,190	$1,583,160
U. S. Government taxes	$3,562,177	$2,365,536	$1,923,510
Operating income	$2,740,033	*$1,250,473*	*$1,476,568*
Net income	$4,565,861	$870,931	$688,616
Dividends declared	$2,228,106	$947,247	$3,352,731
Employees:			
Average number	7,486	6,092	5,542
Compensation	$33,748,856	$30,508,301	$28,381,168

Deficit shown in italics.

Current assets and current liabilities, class I line-haul railroads as of June 30

Item	1955	1956		1957		1958	
	Amount	Amount	Percent of change from 1955	Amount	Percent of change from 1955	Amount	Percent of change from 1955
	Millions	*Millions*		*Millions*		*Millions*	
Total current assets	$3,337	$3,397	+1.8	$3,152	−5.5	$2,661	−20.3
Cash and temporary cash investments	1,776	1,686	−5.1	1,414	−20.4	1,139	−35.9
Materials and supplies	683	744	+8.9	760	+11.3	655	−4.1
Total current liabilities	1,781	1,958	+9.9	1,934	+8.6	1,580	−11.3
Net working capital:							
Including materials and supplies	1,556	1,439	−7.5	1,218	−21.7	1,081	−30.5
Excluding materials and supplies	873	695	−20.4	458	−47.5	426	−51.2
RATIOS							
Current assets to current liabilities:							
Including materials and supplies	1.87	1.73		1.63		1.68	
Excluding materials and supplies	1.49	1.35		1.24		1.27	
Cash and temporary cash investments to current liabilities	.99	.86		.73		.72	

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Condensed income account—class I line-haul railroads

Item	Calendar year 1954	Calendar year 1955	Calendar year 1956	Calendar year 1957	12 months ended with June 30, 1958
	Millions	*Millions*	*Millions*	*Millions*	*Millions*
Revenue and other income	$9,647	$10,377	$10,826	$10,780	$10,074
Cost of materials, depreciations, and other expenses, except wages and salaries	3,008	3,146	3,305	3,410	3,271
Taxes, including income, profits, and payroll	861	1,080	1,121	1,068	954
Total deductions	3,869	4,226	4,426	4,478	4,225
Remainder for employees and investors	5,778	6,151	6,400	6,302	5 849
Wages and salaries [1]	4,627	4,752	5,057	5,091	4,854
Investors' share:					
Rent for leased roads [2]	61	60	57	55	54
Interest on obligations	351	350	352	359	[3] 365
Other deductions [4]	57	62	57	60	63
For dividends and surplus	682	927	877	737	512
Total	1,151	1,399	1,343	1,211	994
Percent wages and salaries	80.1	77.3	79.0	80.8	83.0
Percent investors' share	19.9	22.7	21.0	19.2	17.0

[1] Chargeable to operating expenses and not including the following amounts of payroll taxes, in millions 12 months ended June 30, 1958, $327; year 1957, $338; 1956, $334; 1955, $284; and 1954, $272.

[2] Represents largely intercompany payments among railroads in the form of interest and dividends.

[3] Partly estimated.

[4] Miscellaneous deductions from income applicable to "other income' shown, contingent charges (capital and other funds), and amortization of discount on funded debt.

APPENDIX B

AUTHORIZATIONS UNDER VARIOUS SECTIONS OF THE INTERSTATE COMMERCE ACT AS AMENDED

Certificates of convenience and necessity for construction and/or operation of lines of railroad under section 1 (18) of the Interstate Commerce Act, as amended

Name of applicant	Location of line	Miles
Detroit, T. & I. R. Co	Lenawee County, Mich	0.114
Great Southwest R., Inc	Tarrant County, Tex	9.830
Chicago, R. I. & Pac. R. Co	do	1.790
Texas & Pac. Ry. Co	do	0.542
Illinois C. R. Co	Meridian, Miss	0.378
Missouri Pac. R. Co. and Chicago, R. I. & Pac. R. Co.	Pulaski County, Ark	2.900
Missouri Pac. R. Co	Live Oak and San Patricio Counties, Tex	13.590
Do	Washington County, Mo	19.730
Do	do	6.780
New York, N. H. & H. R. Co	Worcester County, Mass	0.320
Piedmont & Northern Ry. Co	Spartanburg County, S. C	0.233
St. Marys R. Co	Camden and Charlton Counties, Ga	20.920
Spartanburg Term. Co	Spartanburg County, S. C	0.789
Total number of miles		77.916

	Miles
10 applications filed involving	88.438
10 certificates issued authorizing construction of	77.916
1 application denied in whole or in part involving	0.790
Authorized since effective date of act	11,378
Portion thereof actually constructed	8,259
Portion thereof deferred or abandoned	2,951
Portion in which time for construction has not expired	76

Certificates of convenience and necessity for abandonment of lines of railroad or the operation thereof, issued under section 1 (18) of the Interstate Commerce Act, as amended

Name of applicant	Location of line	Miles
Atchison, T. & S. F. Ry. Co	Payne and Logan Counties, Okla	46.130 8.270
Atlantic C. L. R. Co	Seminole County, Fla	3.720
Boston & A. R. Co., and New York C. R. Co	Suffolk, Norfolk, and Middlesex Counties, Mass.	1.620 9.700
California, Arizona & S. F. Ry. Co	Yavapai County, Ariz	10.500
Central Pac. Ry. Co., and Southern Pac. Co [1]	San Francisco and Alameda Counties, Calif	3.500
Chicago & N. W. Ry. Co	Gogebic County, Mich	8.802
Do	Benton, Tama, Poweshiek, and Keokuk Counties, Iowa.	38.860
Chicago, B. & Q. R. Co	Page County, Iowa	17.500
Do	Jefferson County, Nebr	4.610
Do	Appanoose and Wayne Counties, Iowa	26.000
Do	Henry County, Ill	6.860
Chicago, Gr. Wn. R. Co	Mower County, Minn	2.168
Chicago, M., St. P. & P. R. Co	Boone County, Iowa	14.000
Do	Bon Homme County, S. Dak	11.350
Chicago, R. I. & P. R. Co	Muscatine and Johnson Counties, Iowa	6.650
Chicago, St. P. M. & O. R. Co	Thurston County, Nebr	4.682
Delaware & B. B. R. Co	Mercer County, N. J	0.035
Do	Warren County, N. Y	7.410

[1] Involves ferry operations across San Francisco Bay.

Certificates of convenience and necessity for abandonment of lines of railroad or the operation thereof, issued under section 1 (18) of the Interstate Commerce Act, as amended—Continued

Name of applicant	Location of line	Miles
Detroit, T. & I. R. Co	Lenawee County, Mich	8.600
Duluth, M. & I. R. Ry. Co	St. Louis County, Minn	5.250
Erie R. Co	Hudson County, N. J., and New York County, N. Y.	[2] 1.000
Do	McKean County, Pa	14.150
Georgia & Florida R. (A. W. Jones, Receiver)	Coffee County, Ga	14.000
Great Northern Ry. Co	Douglas and Grant Counties, Minn	16.192
Do	Flathead County, Mont	9.700
Do	St. Louis County, Minn	0.310
Great Western Ry. Co	Weld County. Colo	0.300
Green B. & W. Ry. Co	Waupaca County, Wis	4.730
Hampton & B. R. Co	Colleton and Bamberg Counties, S. C	30.600
Illinois Central R. Co	Coahoma and Bolivar Counties, Miss	49.070
Illinois Terminal R. Co	Madison County, Ill	5.200
Lehigh V. R. Co	Cayuga County, N. Y	15.820
Los Angeles & S. L. R. Co	Juab County, Utah	3.740
Maryland & Pennsylvania R. Co. and Maryland & Pennsylvania Terminal Ry. Co.	Baltimore and Harford Counties, Md	41.900 0.510
Missouri-Kansas-Texas R. Co	Woodson, Coffey, Lyon, Morris, and Geary Counties, Kans.	112.480
Do	Jackson and Harmon Counties, Okla	39.370
Do	Childress and Collingsworth Counties, Tex	16.480
Do	Pettis, Johnson, and Cass Counties, Mo., and Miami County, Kans.	86.640
Missouri Pacific R. Co	LaSalle and Dimmit Counties, Tex	32.490
Do	Willacy County, Tex	19.310
Do	Cameron and Hidalgo Counties, Tex	49.200
Do	Pointe Coupee Parish, La	5.240
Do	Live Oak and San Patricio Counties, Tex	13.250
Do	Hidalgo County, Tex	8.810
Do	Sebastian County, Ark	14.490
New Jersey & New York R. Co. (Horace Banta, Trustee).	Hudson County, N. J., and New York County, N. Y.	[2] 1.000
New York Central R. Co	Oswego and Oneida Counties, N. Y	23.200
Do	Berrien County, Mich	10.200
New York, N. H. & H. R. Co	Litchfield County, Conn	0.767
New York, O. & W. R. Co., Erie R. Co., Delaware, L. & W. R. Co., and New York C. R. Co.	Orange, Oswego, Otsego, Oneida, Delaware, Madison, Chenango, Ulster, Sullivan, and Rockland Counties, N. Y., Bergen and Hudson Counties, N. J., and Wayne, Lackawanna, and Susquehanna Counties, Pa.	545.110
New York, S. & W. R. Co	Hudson County, N. J., and New York County, N. Y.	[2] 1.000
Do	Sussex County, N. J	13.920
Norfolk & W. Ry. Co	McDowell County, W. Va	0.750
Do	Pike County, Ky	0.400
Do	Mercer County, W. Va	3.240
Oregon Short Line R. Co	Baker County, Oreg	33.240
Pacific E. Ry. Co	Los Angeles County, Calif	3.173
Pennsylvania R. Co	Mifflin and Snyder Counties, Pa	9.980
Do	Blair County, Pa	1.950
Philadelphia, B. & W. R. Co	Worcester County, Md	11.290
Potomac Edison Co	Frederick County, Md	15.160
Providence, W. & S. R. Co	Worcester County, Mass	11.000
Quemahoning B. R. Co	Somerset County, Pa	5.950
Reading Co	Columbia County, Pa	0.320
Sacramento No. Ry	Sutter and Yuba Counties, Calif	10.400
Do	Contra Costa County, Calif	3.168
St. Francois Co. Ry. Co	St. Francois County, Mo	10.000
St. Louis-San F. Ry. Co	Creek County, Okla	12.600
Do	Tillman County, Okla., and Wilbarger County, Tex.	15.320
Do	Clay County, Ark., and Dunklin County, Mo	14.000
Seaboard Air Line R. Co	Marion County, Fla	6.090
Southern Pac. R. Co	Benton and Lane Counties, Oreg	9.060
Southern Pac. Co. and Pacific E. Ry. Co	Los Angeles County, Calif	1.770
Southern S. L. V. R. Co	Costilla County, Colo	29.000
Spokane, P. & S. Ry. Co	Columbia County, Oreg	9.610
Sumter & C. Ry. Co	Sumter and Choctaw Counties, Ala	18.670
Texas & N. O. R. Co. and St. Louis S. R. Co	Hunt County, Tex	55.930
Toledo & E. R. Co	Lucas and Ottawa Counties, Ohio	10.900
Union Pac. R. Co	Marshall and Riley Counties, Kans	42.550
Virginian Ry. Co	Wyoming County, W. Va	3.220
Waco, B., T. & S. R. Co	Trinity County, Tex	7.068
Warwick Ry. Co	Providence County, R. I	0.096
Waterloo R. Co	Black Hawk County, Iowa	5.190
Western Maryland Ry. Co	Allegany County, Md	1.390
Wichita F. & W. Ry. Co. of Texas	Childress and Collingsworth Counties, Tex	16.480
Total number of miles		1,825.361

[2] Involves ferry operations across the Hudson River.

Certificates of convenience and necessity for abandonment of lines of railroad or the operation thereof, issued under section 1 (18) of the Interstate Commerce Act, as amended—Continued

	Miles
96 applications filed involving	2, 061. 840
85 certificates issued permitting abandonment of	1, 825. 361
2 applications denied in whole or in part involving	50. 502
4 applications dismissed involving	82. 017
Abandonments permitted since effective date of act	[3] 42, 984

[3] Includes tracks, operations, ferries, and drawbridges.

Certificates of convenience and necessity for acquisition ann/or operation of lines of railroad issue under section 1(18) of the Interstate Commerce Act, as amended

Name of applicant	Location of line	Miles
Atchison, T. & S. F. Ry. Co	Lyon and Coffey Counties, Kans	1.916
Chicago, R. I. & P. R. Co	Morris County, Kans	0.871
Durham & South Carolina R. Co	Durham County, S. C	2.910
Erie R. Co	Orange County, N. Y	4.850
Harris Co. H. S. C. N. D	Harris County, Tex	1.930
Missouri Pacific R. Co	Morris County, Kans	1.442
New York Central R. Co	Oswego, Oneida, and Madison Counties, N. Y.	33.560
New York, N. H. & H. R. Co	Worcester County, Mass	0.800
Union Pacific R. Co	Geary County, Kans	0.634
Total number of miles		48.913

	Miles
14 applications filed involving	270. 409
9 certificates issued involving	48. 913
1 application dismissed involving	0. 840

Authorizations under section 5(2) of the Interstate Commerce Act, as amended, involving railroad properties

Acquiring carrier	Owning carrier	Miles	How acquired
Atlantic C. L. R. Co., Louisville & N. R. Co., Charleston & W. C. Ry. Co., and Atlantic Coast Line Co.	Spartanburg Term. Co.[1]	0.789	Control.
Atlantic Coast L. R. Co	Franklin & C. R	18.600	Purchase.
Chicago & N. W. R. Co	Litchfield & M. R. Co	56.540	Control.
Chicago J. R. Co	Union S. Y. & T. Co. of Chicago.	118.720	Purchase.
Chicago, R. I. & P. R. Co	Peoria & B. V. R. Co	47.190	Lease.
Denver & R. G. W. R. Co	Colorado & S. Ry. Co	0.278	Joint use.
Chicago, B. & Q. R. Co	do	1.079	
Denver & R. G. W. R. Co	Northwestern T. R. Co	7.785	Control.
Detroit, T. & I. R. Co	Wabash R. Co	8.600	Trackage rights.
Erie R. Co	Buffalo, R. & P. R. Co	28.800	Do.
Great N. Ry. Co	Chicago & N. W. R. Co	0.267	Trackage rights.
Gulf, M. & Ohio R. Co	Louisville & N. R. Co	5.390	Joint use.
Illinois C. R. Co	Alabama & V. R. Co	140.710	Merger.
Do	Vicksburg, S. & P. R. Co	172.640	Do.
International P. Co	Longview, P. & N. R. Co	13.260	Control.
Kansas, Oklahoma & G. Ry. Co	Kansas, Oklahoma & G. Ry. Co. of Texas.	8.830	Lease.
Missouri Pac. R. Co	Chicago, R. I. & P. R. Co	2.900	Joint Operation.
Montpelier & B. R. Co	Cent. Vermont Ry., Inc	8.460	Purchase.
New Orleans & N. R. Co	Meridian Term. Co	3.020	Do.
New York, C. & St. L. R. Co	Lorain & West Virginia Ry. Co.	25.250	Operation.
Norfolk S. Ry. Co	Durham & South Carolina R. Co.	40.866	Control.
Penndel Co	Camden & B. Co. Ry. Co	28.730	Do.
Penndel Co. and Pennsylvania R. Co.	Cumberland V. & M. R. Co	33.730	Merger.
Penndel Co. and Pennsylvania R. Co.	Freehold & J. A. R. Co	27.320	Do.
Penndel Co Pennsylvania R. Co	New York, P. & N. R. Co	127.190	Do.
Pennsylvania R. Co	United New Jersey R. & C. Co.	178.600	Modify lease.
Pennsylvania R. Co. and United New Jersey R. & C. Co.	Perth, A. & W. R. Co	6.540	Merger and modify lease.
Port Term. R. Assn	Harris C. H. S. C. N. D	1.930	Operation.
Do	Penndel Co	([1])	Modify lease.
Piedmont & N. Ry. Co	Spartanburg T. Co	0.789	Trackage rights.
Samuel M. Pinsly [2]	Greenville & N. Ry. Co	19.050	Control.
Southern Pac. Co., and St. Louis S. Ry. Co.	Gray's P. T. Ry. Co Paragould S. Ry. Co Valley Terminal Ry Shreveport B. & T. Co	77.050	Merger.
Sacramento No. Ry	Western Pac. R. Co	23.130	Trackage rights.
Murray M. Salzberg,[2] Meyer P. Gross, and Morris H. Snerson.	St. Johnsbury & L. Co. R	96.100	Control.
Murray M. Salzberg,[2] Meyer P. Gross, and Morris H. Snerson.	Louisiana & N. W. R. Co	61.500	Do.
Seaboard A. L. R. Co	Macon, D. & S. R. Co	92.570	Purchase.
Southern Ry. Co	Virginia & S. Ry. Co	128.630	Lease.
Terminal R. A. of St. L	East St. L. C. Ry. Co	23.690	Purchase.
Texas & N. O. R. Co	Harris C. H. S. C. N. D	0.985	Trackage rights.
Do	Colorado R. W. R. Co	9.170	Purchase.
United New Jersey R. & C. Co.	Rocky H. R. & T	2.000	Merger.
Do	Belvidere Delaware R. Co	80.280	Do.

[1] Involves terminal facilities.
[2] An individual.

45 applications filed.

41 applications granted.

3 applications dismissed.

Authorizations under the Interstate Commerce Act for unifications and transfers involving water carriers and freight forwarders

Acquiring carrier	From—	How acquired
American C. B. L. Co	Blaske, Inc	Merger.
Do	do	Certificate transfer.
Bernert, Albert	Shepard T. Co., Inc Shepard T. Co.	Acquisition control. Stock ownership.
Do	Bernert, Albert Co	Stock ownership. Certificate transfer.
Choctaw T. Co., Inc	Choctaw T. Co	Certificate transfer.
Merritt-C. & S. Corp	Whaling C. D. & D. Corp	Merger.
Shepard T. Co. Inc	Shepard T. Co	Certificate transfer.
Do	do	Purchase.
Hudson R. T., Inc	Trailerships, Inc	Certificate transfer.
Warrior & G. N. Co	Tri-Coast S. Co	Purchase.
Do	do	Certificate transfer.

Authorizations under section 5 (2) of the Interstate Commerce Act, as amended, for unifications involving the 100 largest motor carriers of property

Acquiring carrier	1957 revenues (000)	Rank	Acquired carrier	Revenues Year	Revenues (000)	Rank	How acquired
Allied Van Lines Inc	$42,952	6	Earl W. Curry, d. b. a. Curry Transfer & Storage Co.	1957	100		Purhase (portion).
			Palo Alto Transfer and Storage Co	1957	248		Do.
			Red Line Transfer and Storage Co	1957	400		Do.
Automobile Transport, Inc., of Delaware	11,440	67	Pontiac Auto Transport Company	1957	2,218		Purchase.
			Walsh Auto Transportation, Inc	1957	428		Do.
Burlington Truck Lines, Inc	12,510	59	W. B. Love, d. b. a. Love Transfer	1955	30		Do.[1]
Commercial Carriers, Inc	15,431	33	Auto Express, Inc	1957	205		Merger.
Consolidated Freightways, Inc	56,534	1	Beardmore Transfer Line, Inc	1957	227		Do.
			Sea-Van Express, Ltd	1957	482		Canadian Freightways, Ltd., ownership of stock.
			Model Truck & Storage Co	1954	375		Merger.
			Hunt Transfer Co., Inc	1957	606		Do.
			Fuller-Toponce Truck Co	1957	663		Do.
			Clipper Transit Co	1957	1,374		Do.
			Lamb Transportation Co	1957	1,325		Do.
Cooper-Jarrett, Inc	13,526	49	Kling Brothers Trucking Co., Inc. (Howard A. Jacobs, Trustee).	1955	133		Purchase.
Daniels Motor Freight, Inc	9,641	88	Ethel J. Stahl, d. b. a. City Express & Transfer Co	1957	97		Do.
Denver Chicago Trucking Co., Inc	33,162	10	Eck Miller Transfer Co	1957	815		Control.[2]
			R. B. "Dick" Wilson, Inc	1957	3,961		Merger.
Eastern Express, Inc	25,833	17	Garo Transportation Co	1956	164		Purchase (portion).
Garrett Freightlines, Inc	16,552	29	Dow N. Wright, d. b. a. Wright's Transfer	1957	9		Purchase.
			Geo. G. and J. B. Cadwell, d. b. a. Pioneer Freight Line.	1957	54		Do.
Great Southern Trucking Co	23,558	20	Goldston Motor Express, Inc	1956	483		Merger.
Hayes Freight Lines, Inc	13,919	46	The Green Truck Lines, Inc	1956	342		Do.
Helm's Express, Inc	9,154	96	Roulston Freight Lines, Inc. (William Biederman, Trustee).	1955	561		Purchase.
Hennis Freight Lines, Inc	15,625	32	Griggs Trucking Co	1954	2,605		Merger.
Interstate Motor Lines, Inc	15,317	35	Morgan Truck Service, Inc	1957	729		Do.
McLean Trucking Co	28,509	14	Meredith & Hitchcock, Inc	1955	201		Purchase.
			Service, Inc	1957	2,570		Merger.
The Mason & Dixon Lines, Inc	16,572	28	Robinson Transfer Motor Lines, Inc	1957	629		Control.
National Van Lines, Inc	10,408	78	Culbertson Warehouse & Deposit Co	1957	55		Purchase.
Navajo Freight Lines, Inc	19,555	23	Thomas M. Fowler, Jr. d. b. a. Quick Way Truck Lines	1953	8		Do.
			W. C. Moorhead, Jr., d. b. a. Moorhead Freight Line.	1956	46		Do.

North American Van Lines, Inc	33,041	11	Creston Transfer Co	1955	913		Purchase (portion).[1]
Overnite Transportation Co	9,465	90	Atlanta Macon Motor Express, Inc	1957	389		Purchase.
Red Ball Motor Freight, Inc	9,734	87	Joe A. Harris, d. b. a. Harris Truck Line	1957	866		Do.
			Denver-Amarillo Red Ball Motor Freight, Inc	1957	2,268		Control.
Roadway Express, Inc	46,978	4	M. & R. Transportation Co., Inc	1957	838		Do.
Ruan Transport Corp	10,819	71	James A. Hannah, Inc	1957	2,075		Purchase (portion).
			Transit, Inc	1957	1,554		Purchase.
			Illinois-Ruan Transport Corp	1957	902		Do.
St. Johnsbury Trucking Co., Inc	9,395	91	Bay State Motor Express Co. (Sidney J. Kagan, Receiver).	1955	806		Purchase (portion).[1]
Santa Fe Trail Transportation Co	12,305	60	U. L. Brooks and James C. Pitts, d. b. a. Canadian Truck Line.	1957	344		Purchase (portion).
Southern-Plaza Express, Inc	10,644	74	W. G. Burgess, d. b. a. Reliable Motor Freight Line.[3]				Purchase.
Spector Freight System, Inc	45,772	5	Knight's Transportation Co	1957	245		Merger.
Steffke Freight Co	10,476	76	Gordy Freight Lines, Inc	1957	765		Do.
Super Service Motor Freight Co., Inc	11,827	63	Coates-Norrell Motor Express, Inc	1956	299		Do.
Tennessee Carolina Transportation, Inc	2,923		Hoover Motor Express Co., Inc	1957	9,027	100	Purchase (portion).
Transcon Lines	14,080	44	Riss & Company, Inc	1957	12,955	56	Do.
United Transports, Inc	10,143	82	Mills King, d. b. a. King Transport	1957	1,543		Do.
Yellow Transit Freight Lines, Inc	17,976	26	Bert Howerton, d. b. a. Noel Transfer Company	1957	3		Purchase.

Petitions for reconsideration pending.
Reopened for reconsideration.
Under 10-year lease prior to purchase.

APPENDIX C

RAILROAD COMPANIES IN REORGANIZATION (OR RECEIVERSHIP) PROCEEDINGS

	Miles of line operated [1]
Proceedings under section 77 of the Bankruptcy Act:	
Boston & Providence Railroad Corporation [2]	
Chicago Tunnel Company	39
Chicago Tunnel Terminal Company [3]	
Florida East Coast Railway Company	571
Lackawanna and Wyoming Valley Railroad Company	19
New Jersey & New York Railroad Company	41
Smithfield Terminal Railway Company [4]	
Proceedings under chapter X of the Bankruptcy Act:	
Hudson & Manhattan Railroad Company	8
Receivership proceedings:	
Georgia & Florida Railroad	335
Tallulah Falls Railway Company	57
Waco, Beaumont, Trinity & Sabine Railway Company	18

[1] As of June 30, 1958.
[2] Owned mileage 64. Leased to Old Colony Railroad Company; operated by New York, New Haven & Hartford Railroad Company.
[3] Owns 8.63 miles of sidings and turnouts operated by the Chicago Tunnel Company.
[4] Owned mileage 1. No operations being conducted.

Mileage of line-haul steam railroads operated by receivers or trustees at various dates

Year [1]	Miles of road operated by receivers at close of year	Miles of road operated by trustees at close of year	Miles of road operated by both receivers and trustees at close of year	Total miles of road operated at close of year. All line-haul companies	Percent of total mileage operated by receivers or trustees
1895	37,855.80		37,855.80	177,746	21.30
1900	4,177.91		4,177.91	192,556	2.17
1905	795.82		795.82	216,974	.37
1910	5,257.03		5,257.03	240,831	2.18
1915	30,223.05		30,223.05	257,569	11.73
1920	16,290.17		16,290.17	259,941	6.27
1925	18,686.99		18,686.99	258,631	7.23
1930	9,486.28		9,486.28	260,440	3.64
1935	15,920.00	52,425.00	68,345.00	252,930	27.02
1940	11,658.00	63,612.00	75,270.00	245,740	30.63
1945	5,088.00	34,626.00	39,714.00	239,438	16.59
1950	638.00	11,585.00	12,223.00	236,857	5.16
1955	441.00	1,497.00	1,938.00	233,955	.83
1956	982.00	612.00	1,594.00	233,509	.68
1957	410.00	612.00	1,022.00	232,177	.44

[1] As of June 30, 1895 to 1915, inclusive. As of Dec. 31, 1920 to 1957, inclusive.

APPENDIX D

STATEMENT OF APPROPRIATION AND OBLIGATIONS FOR THE FISCAL YEAR ENDED JUNE 30, 1958

An Act making appropriations for sundry independent executive bureaus, boards, commissions, corporations, agencies, and offices, for the fiscal year ending June 30, 1958, and for other purposes. (Public Law 85–69—85th Congress) approved June 29, 1957.

Salaries and expenses: For necessary expenses of the Interstate Commerce Commission, including not to exceed $5,000 for the employment of special counsel; services as authorized by section 15 of the Act of August 2, 1946 (5 U. S. C. 55a), at rates not to exceed $50 per diem for individuals; newspapers (not to exceed $200); purchase of not to exceed 62 passenger motor vehicles for replacement only; and not to exceed $1,135,000 for expenses of travel; $16,750,000, of which (*a*) not less than $1,363,500 shall be available for expenses necessary to carry out railroad safety activities and not less than $956,600 shall be available for expenses necessary to carry out locomotive inspection activities; (*b*) $225,000 shall be available for expenses necessary to carry out such defense mobilization functions as may be delegated pursuant to law: Provided, That Joint Board members and cooperating State commissioners may use Government transportation requests when traveling in connection with their duties as such	$16, 750, 000
Joint Resolution, Title II—Providing for increased pay costs for the fiscal year 1958, and for other purposes, approved June 30, 1958 (Public Law 85–472, 85th Congress)	662, 375
Amount available	17, 412, 375
Obligations and unobligated balance of appropriation as of June 30, 1958. The obligations shown represent net obligations after deducting reimbursements from non-Federal sources and all credits for services and salaries charged to other Government activities.	
Net Obligations under appropriation for the fiscal year ended June 30, 1958:	
Salaries and expenses	17, 402, 198
Unobligated balance of appropriation:	
Salaries and expenses	10, 177
Statement of receipts from fees and charges during the fiscal year ended June 30, 1958:	
Fees and other charges for administrative, professional and scientific services, not otherwise classified	2, 722
Earned fees, fees for permits and licenses not otherwise classified	9, 090
Duplication of records and other documents	15, 888
Sale of publications and reproductions, not otherwise classified	12, 685
Fees and other charges for miscellaneous services, not otherwise classified	14, 560
Total receipts from fees and charges	54, 945

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